INFORMATION MEMORANDUM

FOR RESTRICTED CIRCULATION ONLY

POLYMER LINK HOLDINGS BERHAD
(formerly known as Brics Holdings Sdn Bhd)
(Company No. 1041798-A)
(Incorporated in Malaysia under the Companies Act, 1965)

PROPOSED PLACEMENT OF 46,290,000 ORDINARY SHARES IN POLYMER LINK HOLDINGS BERHAD AT AN ISSUE PRICE OF RM0.12 PER SHARE IN CONJUNCTION WITH OUR PROPOSED LISTING ON THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD

APPROVED ADVISER, PLACEMENT AGENT AND CONTINUING ADVISER

DWA Advisory Sdn Bhd
(Company No. 1032257-D)

This Information Memorandum is dated 30 March 2018

IMPORTANT NOTICE

All defined terms used in this Information Memorandum are defined under "Definitions" and "Glossary of Technical Terms".

RESPONSIBILITY STATEMENTS

The Board and Promoters of our Company have seen and approved this Information Memorandum. They collectively and individually accept full responsibility for the accuracy of all the information and statements contained in this Information Memorandum. Having made all reasonable enquiries, and to the best of their knowledge, information and belief, they confirm that there are no false or misleading statements or other material facts, which, if omitted, would make any statement in this Information Memorandum false or misleading.

DWA Advisory, being the Approved Adviser, Placement Agent and Continuing Adviser to our Proposed Listing acknowledges that, based on all available information, and to the best of its knowledge, this Information Memorandum constitutes a full and true disclosure of all material facts concerning the Proposed Listing and the Proposed Placement.

STATEMENTS OF DISCLAIMER

This Information Memorandum has been drawn up in accordance with the LEAP Market Listing Requirements for the Proposed Listing and the Proposed Placement, and is not a prospectus and has not been registered, nor will it be registered as a prospectus under the CMSA. The Proposed Placement constitutes an excluded offer and excluded issue within the meanings of Section 229 and Section 230 of CMSA. This Information Memorandum has been prepared in the context of securities offering under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

This Information Memorandum has been deposited with the SC.

The SC and Bursa Securities take no responsibility for the contents of this Information Memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Information Memorandum. The SC and Bursa Securities do not make any assessment on the suitability, viability or prospects of our Group. Sophisticated Investors are expected to make their own assessment on our Group or seek appropriate advice before making their investment decisions. The Approved Adviser has assessed the suitability of our Company for admission to the LEAP Market as per the LEAP Market Listing Requirements.

An application has been made to Bursa Securities for the admission of our Company and the listing of and quotation for the entire ordinary share capital of our Company on the LEAP Market. No monies shall be collected from Sophisticated Investors for the subscription of the Placement Shares, and no new Shares shall be allotted pursuant to the Proposed Placement until Bursa Securities has granted its approval for the admission of our Company to the LEAP Market. Approval from Bursa Securities of the same is not an indication of the merits of our Proposed Listing, Proposed Placement, our Company or our Shares. This Information Memorandum can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com.

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY THE LISTED CORPORATION. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATIONS AND, IF APPROPRIATE, CONSULTATION WITH STOCKBROKER, MANAGER, SOLICITOR, ACCOUNTANT AND OTHER PROFESSIONAL ADVISERS.

THERE ARE CERTAIN RISK FACTORS WHICH SOPHISTICATED INVESTORS SHOULD CONSIDER. PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 8 OF THIS INFORMATION MEMORANDUM.

Sophisticated Investors should note that they may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws and regulations including any statement in the Information Memorandum that is false, misleading, or from which there is a material omission, or for any misleading or deceptive act in relation to the Information Memorandum. This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of our Shares is not and should not be construed as a recommendation by us and/or the Approved Adviser to subscribe for or purchase our Shares.

This Information Memorandum is not a substitute for and should not be regarded as an independent evaluation and analysis and does not purport to be all inclusive. Each Sophisticated Investor should perform and is deemed to have made its own independent investigation, assess the merits and risks of the investment and analysis of our Company and all other relevant matters.

THIS INFORMATION MEMORANDUM IS INTENDED FOR CIRCULATION ONLY TO PERSONS WHOM AN INVITATION TO SUBSCRIBE FOR OR PURCHASE SECURITIES OR AN ISSUE OF SECURITIES WOULD CONSTITUTE AN EXCLUDED OFFER AND EXCLUDED ISSUE WITHIN THE MEANING OF SECTION 229 AND SECTION 230 OF THE CMSA.

THIS INFORMATION MEMORANDUM, IF FURNISHED TO YOU, IS STRICTLY FOR YOUR OWN USE AND IS NOT TO BE CIRCULATED TO ANY OTHER PARTY. INFORMATION IN THIS DOCUMENT IS SUBJECT TO CHANGE FROM TIME TO TIME AS WE AND/OR DWA ADVISORY SHALL DEEM FIT.

MODE OF COMMUNICATION

In accordance with our Constitution, we may send notices and documents to our securities holders ("**Holders**") by electronic means to the Holders' registered email address last maintained with either our Company Secretaries or Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**"), as the case may be. Our Holders have a right to request for a hard copy of such notices and documents should they wish to do so. In such event, we will forward a hard copy of the notices and documents to the Holders, as soon as reasonably practicable after the receipt of the request, free of charge by ordinary mail to the Holders' registered Malaysian address last maintained with either our Company Secretaries or Bursa Depository, as the case may be, at their own risk.

We may also publish notices and documents on our website as a form of electronic communication with our Holders. In such event, we will separately and immediately notify our Holders through the following by way of:

- ordinary mail;
- electronic means to the Holders' registered email address;
- advertisements in an English daily newspaper in Malaysia; and/or
- announcements on Bursa Securities.

PRIVACY NOTICE

The Personal Data Protection Act 2010 ("**PDPA**") was introduced to regulate the processing of personal data in commercial transactions. The PDPA requires us to inform you of your rights in respect of your personal data that is to be collected and processed by us.

Consequently, please be informed that the personal data and other information (collectively, "**Personal Data**") that you provide will be used and processed by us in connection with our Proposed Placement only ("**Purpose**"), and not for any other purpose.

If required for the Purpose, you hereby give consent that your Personal Data may be transferred to locations outside Malaysia or disclosed to our related corporations or our vendor, share registrar, agent, contractor, service provider, consultant or adviser who provide services to us, including our Placement Agent, which may be located within or outside Malaysia. Save for the foregoing, your Personal Data will not be knowingly transferred to any place outside Malaysia or be knowingly disclosed to any other third (3rd) party.

Without prejudice to the terms and conditions of our Proposed Placement as contained in this Information Memorandum, you may at any time hereafter make inquiries, complaints and, upon payment of a prescribed fee, request in writing for access to, or correction of, your Personal Data or limit the processing of your Personal Data (as described above) by submitting such request to the following:

Postal Address:	**Polymer Link Holdings Berhad** c/o Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8 Jalan Kerinchi 59200 Kuala Lumpur

Kindly be informed that we will assume that you have consented and we will continue to process your Personal Data in accordance with this Privacy Notice unless we hear otherwise from you. You may exercise your rights in respect of your Personal Data in the manner described above.

This Privacy Notice may be amended from time to time and would be in effect on the date as determined by us. Any amendment to this Privacy Notice shall be published on any medium as we deem fit.

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Definitions

Except where the context otherwise requires or where otherwise defined herein, the following abbreviations shall apply throughout this Information Memorandum:

Individuals

Argel Adarlo	:	Argel Joseph Baculo Adarlo, our substantial shareholder and Director of Polymer Link Philippines
Dato' Dzulkifli	:	Dato' Dzulkfle @ Dzulkifli Mahmud, our Independent Non-Executive Director
Dr Paul Nugent	:	Dr Paul James Nugent, our Non-Independent Non-Executive Director
Eddie Koh	:	Koh Song Heng, our Group MD and CEO
Edward Koh	:	Koh Tat Wei, our Executive Director
Geeslin Adarlo	:	Geeslin Montemayor Adarlo, our substantial shareholder and Director of Polymer Link Philippines
Kevin Koh	:	Koh Tat Chuan, our Executive Director
Madam Teoh	:	Teoh Lee Tean, our substantial shareholder and Director of Polymer Link Philippines

General

Act	:	Companies Act, 2016 as amended from time to time including any re-enactment thereof
Acquisition of Polymer Link	:	Acquisition of 500,000 ordinary shares of Polymer Link for a purchase consideration of RM12,496,925 satisfied via the issuance of 416,564,168 Shares to the vendors of Polymer Link at an issue price of RM0.03 each, which was completed on 27 February 2018
Acquisition of Polymer Link Philippines	:	Acquisition of 3,600 capital stock of Polymer Link Philippines for a purchase consideration of RM6, satisfied via the issuance of 200 Shares to the vendors of Polymer Link Philippines at an issue price of RM0.03 each, which was completed on 27 February 2018
Board	:	Board of directors of Polymer Link Holdings
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
CAGR	:	Compounded annual growth rate
°C	:	Degree Celsius, a measure of temperature
CEO	:	Chief Executive Officer
CDC	:	Clark Development Corporation
Clark Freeport Factory	:	Our manufacturing facility at Building No. 7494, M.L. Quezon corner C.M. Recto Avenue, Clark Freeport Zone, Pampanga, Philippines
CMSA	:	Capital Markets and Services Act 2007
Constitution	:	Constitution of Polymer Link Holdings

DWA Advisory	:	DWA Advisory Sdn Bhd (Company No. 1032257-D)
EPS	:	Earnings per Share
FYE	:	Financial years ended/ending 30 September, as the case may be
GDP	:	Gross domestic product
GP	:	Gross profit
HDPE	:	High density polyethylene
HIPS	:	High impact polystyrene
Information Memorandum	:	This information memorandum dated 30 March 2018 in relation to our Proposed Placement and Proposed Listing
Issue Price	:	The issue price of RM0.12 per Share to be issued pursuant to the Proposed Placement
LAT	:	Loss after taxation
LDPE	:	Low density polyethylene
LEAP Market	:	Leading Entrepreneur Accelerator Platform Market of Bursa Securities.
Listing Requirements	:	LEAP Market Listing Requirements of Bursa Securities
LLDPE	:	Linear low density polyethylene
LPD	:	1 March 2018, being the latest practicable date prior to the date of this Information Memorandum
MD	:	Managing director
MDPE	:	Medium density polyethylene.
micron or μm	:	Micrometre, or one millionth of a metre
mm	:	Millimetre, or one thousandth of a metre
m	:	Metre, a measure of length
NA	:	Net assets
Official List	:	A list specifying all securities listed on Bursa Securities
Outback Philippines	:	Outback Five Star Clark Philippines, Inc (Company No. A199901168)
PBT		Profit before taxation
PAT	:	Profit after taxation
PC	:	Polycarbonate
PE	:	Polyethylene
PHP	:	Philippine Peso, the currency of the Philippines
PhD	:	Doctor of Philosophy, a doctoral degree
Placement Share(s)	:	46,290,000 Shares to be issued pursuant to the Proposed Placement
Polymer Link Holdings, or Company	:	Polymer Link Holdings Berhad (Company No. 1041798-A)

Polymer Link Group, or Group	:	Polymer Link Holdings and its subsidiaries, individually or collectively
Polymer Link	:	Polymer Link Sdn Bhd (Company No. 961807-D)
Polymer Link Philippines	:	Polymer Link (Phils.), Inc (Company No. CS201607461)
Port Klang Factory	:	Our manufacturing facility at PT 522, Jalan Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan, Malaysia
PP	:	Polypropylene
Promoters	:	Eddie Koh, Edward Koh, Kevin Koh, Madam Teoh, Dr Paul Nugent, Argel Adarlo and Geeslin Adarlo, collectively
Proposed Listing	:	Proposed admission to the Official List and the listing of and quotation for our entire enlarged share capital of RM18,051,733 comprising 462,854,370 Shares on the LEAP Market of Bursa Securities
Proposed Placement	:	Proposed placement of 46,290,000 new Shares at an Issue Price of RM0.12 per Share to Sophisticated Investors within the meanings of Sections 229 and 230 of the CMSA
Public	:	All persons other than directors of our Group, our substantial shareholders and persons associated with them
PVC	:	Polyvinyl chloride
QC	:	Quality control
R&D	:	Research and development
RM and sen	:	Ringgit Malaysia and sen, respectively, the currency of Malaysia
Share(s)	:	Ordinary share(s) in Polymer Link Holdings
Sophisticated Investors	:	Investors who fall within Part 1 of Schedule 6 or Part 1 of Schedule 7 of the CMSA
SC	:	Securities Commission Malaysia
UK	:	United Kingdom of Great Britain and Northern Ireland
US	:	United States of America
USD	:	United States Dollar, the currency of the US
Vital Factor	:	Vital Factor Consulting Sdn Bhd (Company No. 266797-T)

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Glossary of Technical Terms

Explanations of some of the technical terms used in the Information Memorandum are as follows:

Additive	:	Additive refers to a substance that is blended with plastic to alter its properties and achieve specific performance characteristics
Compounded Plastic	:	Compounded plastic refers to plastic resin that has been blended together with specific masterbatch and additives, and melted to fuse them into a uniform material. It may be in pellet, powder or other forms, and usually contains a lower concentration of additives than masterbatch. It is also known as "plastic compound"
Extruder	:	Within the context of this information memorandum, an extruder is a machine that is used to mix and melt plastic resin and additives. The melted material is extruded through a die head as long strands of soft, semi-solid plastic
Grinding	:	Grinding refers to physically reducing the size of plastic pellets to produce plastic powder, in a controlled manner so that the particles are of a certain size range. Also known as "size reduction" and/or "pulverisation"
Masterbatch	:	Masterbatch refers to concentrated additives that are blended together and melted with carrier material, such as plastic resin or compatible material such as wax. Masterbatch can contain more than one (1) type of additive, and normally contains a higher concentration of additives compared to plastic compound.
micron	:	A micron is equivalent to one millionth of a metre. For reference, the average diameter of human hair is approximately 100 micron
Plastic Compounding or Compounding	:	"Plastic compounding" or "compounding" refers to the process of blending and melting together plastic resin with specific additives, so that they are fused together in a uniform manner. This is then cooled, solidified and either cut into pellets or ground into powder
Plastic	:	Plastic refers to a type of material that is made from polymers. They can be moulded into shape when soft or in liquid form, and hardens into a rigid or semi-elastic form when cooled or cured
Plastic Powder	:	Plastic powder is plastic that has been ground into particles, usually smaller than 500 micron (0.5 mm) in size. Plastic powder may be made from compounded plastic or non-compounded plastic

Plastic Pellets	:	Plastic pellets are plastic that is in bead form, usually with diameter of between 3 mm and 6 mm. Plastic pellets may be made from compounded plastic or non-compounded plastic. Also known as "plastic granules"
Polymer	:	A polymer is a material that is made up of many repeated subunits, which are also known as "monomers". Plastic material is an example of a polymer
Rotational Moulding	:	Rotational moulding refers to the method of manufacturing hollow plastic products where plastic powder is heated and melted in a sealed hollow mould, which is rotated to evenly spread the melted plastic onto the mould's interior surface. The plastic solidifies into its final shape when it and the mould cools, creating the product. Also known as "rotomoulding", and users of this method are also known as "rotomoulders"
Thermoplastic	:	Thermoplastics are plastic materials that soften and melt when heated, and hardened when cooled. This process can be repeated numerous times without adversely affecting the material. As a result thermoplastics can be recycled
Thermosetting Plastic	:	Thermosetting plastic is initially in the form of a soft solid or a liquid, which is changed into its final hard solid upon curing. The curing method depends on the type of thermosetting plastic involved, and examples include heating, light exposure, or mixing with a suitable chemical. The curing process cannot be reversed, and as a result thermosetting plastics are difficult to recycle. Also known as "thermosets"

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SUMMARY OF THE PROPOSED PLACEMENT

	No. of shares	RM
Existing issued share capital	416,564,370	12,496,933
New Shares to be issued pursuant to our Proposed Placement	46,290,000	5,554,800
Enlarged issued share capital upon Proposed Listing	**462,854,370**	**18,051,733**
Percentage of enlarged issued share capital represented by the Placement Shares		10.00%
Issue Price per Placement Share (RM)		0.12
Gross proceeds to be raised pursuant to our Proposed Placement (RM)		5,554,800
Market capitalisation based on the Issue Price per Placement Share upon Proposed Listing (RM)		55,542,524

SUMMARY OF THE PROPOSED UTILISATION OF PROCEEDS

Based on the Issue Price, the estimated gross proceeds to be raised from our Proposed Placement of RM5.55 million shall accrue entirely to us and are planned to be utilised within twelve (12) months from the date of the Proposed Listing in the following manner:

Utilisation of Proceeds		Estimated Timeframe for Utilisation upon Listing	RM'000	%
(i)	General working capital	Within 12 months	2,855	51.40
(ii)	Payment of shareholders' advances	Within 6 months	1,500	27.00
(iii)	Estimated Proposed Listing expenses	Immediate	1,200	21.60
Total			**5,555**	**100.00**

Further details of the utilisation of proceeds of our Proposed Placement are set out in Section 5.2.1 of this Information Memorandum.

INDICATIVE TIMETABLE OF PRINCIPAL EVENTS

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

Events	Tentative dates
Date of Information Memorandum	30 March 2018
Allotment of Placement Shares	End April 2018*
Listing of our Company on the LEAP Market	Early May 2018*

* *Subject to receipt of approval-in-principle from Bursa Securities for our Proposed Listing*

The dates are tentative and are subject to changes which may be necessary to facilitate the implementation of our Proposed Listing procedures. An announcement for the key relevant dates will be made after obtaining Bursa Securities' approval-in-principle for our Proposed Listing.

PRESENTATION OF INFORMATION

All references to “our Company” in this Information Memorandum are to Polymer Link Holdings, while references to “our Group” are to our Company and our subsidiaries. References to “we”, “us”, “our” and “ourselves” are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to “Management” are to our Executive Directors and our key management personnel as disclosed in this Information Memorandum, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include companies and corporations.

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

Any reference to dates and times shall be a reference to dates and times in Malaysia.

In this Information Memorandum, any discrepancies between the amounts listed and the totals in tables are due to rounding.

FORWARD-LOOKING STATEMENTS

This Information Memorandum contains forward-looking statements, which include all statements other than those of historical facts including, amongst others, those regarding our expected financial position, business strategies, plans, prospects and objectives of our Management for future operations. These statements can be identified by forward-looking terminology terms as “anticipate”, “believe”, “could”, “estimate”, “expect”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will” and “would” or similar words. These forward-looking statements, including but not limited to statements as to our Group’s revenue and profitability, prospects, future plans, expected industry trends and other matters discussed in this Information Memorandum regarding matters that are not historic facts, are only predictions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors beyond our control that could cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, amongst others:

- changes in the political, social and economic conditions and the regulatory environment in Malaysia, the Philippines and other countries in which we conduct business; and
- changes in currency exchange rates, our future capital needs and the availability of financing and capital to fund such needs.

Some of these factors are discussed in more detail in Section 8 of this Information Memorandum.

These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. As such, we cannot assure you that the forward-looking statements in this Information Memorandum will be realised.

These forward-looking statements are based on information available to us as at the date of this Information Memorandum. Subject to the provisions of Section 238 of the CMSA, we expressly disclaim any responsibility to update any of these forward-looking statements or publicly announce any revisions to these forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS	:	Koh Song Heng *Group MD and CEO* Dr Paul James Nugent *Non-Independent Non-Executive Director* Dato' Dzulkfle @ Dzulkifli Mahmud *Independent Non-Executive Director* Koh Tat Wei *Executive Director* Koh Tat Chuan *Executive Director*
REGISTERED OFFICE	:	Unit 30-01 Level 30, Tower A Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Malaysia Telephone : +603 2783 9191 Facsimile : +603 2783 9111
MANAGEMENT OFFICE / PRINCIPAL PLACE OF BUSINESS	:	**Port Klang Factory** PT 522, Jalan Sultan Mohamed 1 Kawasan Perindustrian Bandar Sultan Suleiman 42000 Port Klang Selangor Darul Ehsan Malaysia Telephone : +603 3179 0609 Facsimile : +603 3176 7020 **Clark Freeport Factory** Bldg. No. 7494 M.L. Quezon Corner C.M. Recto Avenue, Clark Freeport Zone Pampanga Philippines Telephone : +639 45280 2057 Website : www.polymerlink.net

APPROVED ADVISER, PLACEMENT AGENT AND CONTINUING ADVISER	:	DWA Advisory Sdn Bhd (1032257-D) D-3A-11, Capital 4, Oasis Square No. 2, Jalan PJU 1A/7A Ara Damansara Petaling Jaya Selangor Darul Ehsan Malaysia Telephone : +603 7490 5795 Facsimile : +603 7831 7512
AUDITORS	:	Grant Thornton Malaysia (AF 0737) (formerly known as SJ Grant Thornton) Chartered Accountants Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Malaysia Telephone : +603 2692 4022 Facsimile : +603 2732 5119
COMPANY SECRETARIES	:	Lim Hooi Mooi (MAICSA 0799764) Wong Wai Foong (MAICSA 7001358) Unit 30-01, Level 30, Tower A Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Malaysia Telephone : +603 2783 9191 Facsimile : +603 2783 9111
INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS	:	Vital Factor Consulting Sdn Bhd (266797-T) V Square @ PJ City Centre (VSQ) Block 6, Level 6 Jalan Utara 46200 Petaling Jaya Selangor Darul Ehsan Malaysia Telephone : +603 7931 3188 Facsimile : +603 7931 2188

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SHARE REGISTRAR	:	Tricor Investor & Issuing House Services Sdn Bhd (Company No. 11324-H) Unit 32-01, Level 32, Tower A Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Malaysia Telephone : +603 2783 9299 Facsimile : +603 2783 9222
SOLICITORS FOR THE PROPOSED LISTING EXERCISE	:	Messrs. Lee Choon Wan & Co. Advocates & Solicitors No. 12, Jalan Dungun Damansara Heights 50490 Kuala Lumpur Malaysia Telephone : +603 2093 0078 Facsimile : +603 2094 1750
SOLICITORS FOR DUE DILIGENCE IN THE PHILIPPINES	:	Messrs. Lacanlale & Vitug-Evangelista Attorneys Unit 321 PHILMADE Bldg. Corner J.A. Santos and E. Quirino Streets Clark Freeport Zone Philippines Telephone : +6345 499 3401
LISTING SOUGHT	:	LEAP Market

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2. INFORMATION OF OUR GROUP

2.1 Our Company

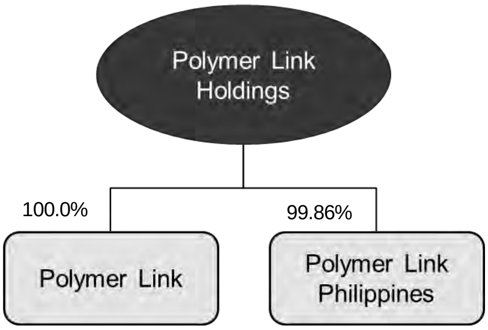
We were incorporated in Malaysia under the Companies Act, 1965 on 9 April 2013 as a private limited company under the name of Brics Holdings Sdn Bhd. Our Company changed its name to Polymer Link Holdings Sdn Bhd on 8 September 2017. It was subsequently converted into a public limited company under the name of Polymer Link Holdings Berhad on 27 November 2017 to carry out the Proposed Listing.

Our principal activity is investment holding while our Group is principally involved in manufacturing and trading of compounded plastic powders.

2.2 Our Group Structure

Polymer Link Holdings is the holding company of the following subsidiaries:

- Polymer Link; and
- Polymer Link Philippines.



On 7 December 2017, we entered into a conditional share sale agreement with the vendors of Polymer Link and Polymer Link Philippines to acquire the entire equity interest in the respective companies. The acquisition of these subsidiaries was completed on 27 February 2018. The details of the acquisitions are as follows:

(i) Acquisition of Polymer Link

Acquisition of 500,000 ordinary shares of Polymer Link for a purchase consideration of RM12,496,925 after taking into consideration the unaudited NA of Polymer Link as at 30 June 2017 of RM12,496,925. The purchase consideration for the Acquisition of Polymer Link was satisfied via the issuance of 416,564,168 Shares to the vendors of Polymer Link at an issue price of RM0.03 each.

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Vendors	No. of shares acquired	% of share capital in Polymer Link	Purchase consideration RM	No of Shares issued
Madam Teoh	165,000	33.00	4,123,985	137,466,175
Dr Paul Nugent	62,500	12.50	1,562,116	52,070,521
Edward Koh	107,500	21.50	2,686,838	89,561,296
Kevin Koh	102,500	20.50	2,561,870	85,395,654
Argel Adarlo	31,250	6.25	781,058	26,035,261
Geeslin Adarlo	31,250	6.25	781,058	26,035,261
Total	**500,000**	**100.00**	**12,496,925**	**416,564,168**

(ii) Acquisition of Polymer Link Philippines

Acquisition of 3,600 capital stock of Polymer Link Philippines for a purchase consideration of RM6, after taking into consideration the unaudited net liabilities of Polymer Link Philippines as at 30 June 2017 of approximately RM957,109 (or PHP 11,229,977). The purchase consideration of the Acquisition of Polymer Link Philippines was satisfied via the issuance of 200 Shares to the vendors of Polymer Link Philippines at an issue price of RM0.03 each.

Vendors	No. of capital stock acquired	% of capital stock in Polymer Link Philippines	Purchase consideration RM	No of Shares issued
Eddie Koh	600	16.67	1	33
Madam Teoh	600	16.67	1	33
Dr Paul Nugent	1,200	33.32	2	68
Argel Adarlo	600	16.67	1	33
Geeslin Adarlo	600	16.67	1	33
	3,600	**100.00**	**6**	**200**

Under Section 23 of the Corporation Code of the Philippines (Batas Pambansa Blg. 68), every director must own at least one (1) share of the capital stock of the corporation of which he or she is a director. Pursuant thereto, Polymer Link Holdings has agreed to transfer five (5) capital stocks in Polymer Link Philippines to its five (5) directors concurrently.

The above transfer of five (5) capital stocks ("**Transfer**") is subject to the following terms and conditions:

(i) the capital stocks cannot be sold, assigned, charged and/or transferred without the prior written consent of Polymer Link Holdings;

(ii) upon resignation of any members of the board of directors of Polymer Link Philippines, his/her capital stock shall be transferred back to Polymer Link Holdings;

(iii) any amendment or variation to the agreement in relation to the transfer of capital stocks shall not be effective unless made in writing and signed by the relevant parties; and

(iv) the agreement for the Transfer ("**Transfer Agreement**") is governed by and construed in all respects in accordance with the laws of Malaysia and the parties hereby irrevocably submit to the exclusive jurisdiction of the courts of Malaysia to settle any dispute which may arise out of or in connection with the Transfer Agreement and that accordingly any proceedings arising out of or in connection with the Transfer Agreement shall be brought in such courts, provided that the capital stocks, which are issued by a corporation duly-registered under the Philippines laws and the subject matter of the Transfer Agreement, shall still be governed by the pertinent laws, rules and regulations of the Philippines.

2.3 Our Subsidiaries

The details of our subsidiaries are summarised in the following table:

Name	Date and Country of Incorporation	Issued Share Capital/ Capital Stock	Our Company's Effective Interest	Principal Activities
Polymer Link	27 September 2011 Malaysia	RM500,000	100.00%	Developing and manufacturing compounded and non-compounded plastic powder
Polymer Link Philippines	14 April 2016 Philippines	PHP360,000	99.86%	Manufacturing compounded and non-compounded plastic powder

2.3.1 Polymer Link

(a) History and Business

Polymer Link was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 27 September 2011, under its present name.

Polymer Link is principally engaged in developing and manufacturing compounded and non-compounded plastic powder. Polymer Link commenced business in September 2014.

(b) Share Capital

As at the LPD, the issued share capital of Polymer Link is RM500,000 comprising 500,000 ordinary shares.

Changes in issued share capital of Polymer Link for the past three (3) years prior to the LPD are as follows:

Date of allotment	No. of ordinary shares allotted	Consideration	Cumulative no. of ordinary shares allotted	Cumulative issued share capital RM
22 October 2015	490,000	Cash	500,000	500,000

(c) Substantial Shareholders

Polymer Link is a wholly-owned subsidiary of our Company.

(d) Directors

The directors of Polymer Link as at the LPD, are as follows:
(i) Dr Paul Nugent;
(ii) Edward Koh; and
(iii) Kevin Koh.

(e) Subsidiary and Associate Companies

As at the LPD, Polymer Link does not have any subsidiary or associate companies.

2.3.2 Polymer Link Philippines

(a) History and Business

Polymer Link Philippines was incorporated in the Philippines and registered with the Securities and Exchange Commission of Republic of the Philippines, as a private limited company on 14 April 2016, under its present name.

Polymer Link Philippines is principally engaged in manufacturing compounded and non-compounded plastic powder. Polymer Link Philippines commenced commercial operations in April 2017.

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(b) Capital Stock

As at the LPD, the capital stock of Polymer Link Philippines is PHP360,000 comprising 3,600 capital stock.

There have been no changes in issued capital stock of Polymer Link Philippines since its incorporation date to the LPD.

(c) Substantial Shareholders

Polymer Link Philippines is a 99.86% subsidiary of our Company.

(d) Directors

The directors of Polymer Link Philippines as at the LPD, are as follows:
(i) Dr Paul Nugent;
(ii) Eddie Koh;
(iii) Madam Teoh;
(iv) Argel Adarlo; and
(v) Geeslin Adarlo.

(e) Subsidiary and Associate Companies

As at the LPD, Polymer Link Philippines does not have any subsidiary or associate companies.

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3. BUSINESS OVERVIEW

3.1 Our Background and History

Our Group commenced business in September 2014 when Eddie Koh (our Group MD and CEO), Dr Paul Nugent (our R&D technical director), Kevin Koh (our technical director), and Edward Koh (our operations director) set up our head office and factory in Port Klang, Selangor Darul Ehsan, Malaysia (our Port Klang Factory).

Our Port Klang Factory in Malaysia

We completed setting up Port Klang Factory's initial manufacturing facilities comprising one (1) extruder and two (2) attrition grinding mills in early December 2014. Our first (1st) business activity was to manufacture compounded plastic powder for customers in Malaysia on a toll basis. Under this arrangement, all raw materials, including plastic resins, masterbatch and additives, were provided by our customers.

We carried out in-house R&D work on compounded plastic powder whilst we were setting up the Port Klang Factory. We began manufacturing compounded plastic powder for our customers in mid-December 2014. We developed the formulations in-house and purchased all the materials used to manufacture the compounded plastic powder. We began supplying Outback Philippines with manufactured compounded plastic powder in January 2015.

We expanded our manufacturing facilities and installed our second (2nd) extruder in our Port Klang Factory in late 2015. We subsequently installed our third (3rd) extruder and third (3rd) attrition grinding mill at Port Klang Factory in 2016.

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Polymer Link Philippines was incorporated in April 2016. In July 2016, the construction of an office and factory commenced on the land which we had leased, situated at the Clark Freeport Zone in Pampanga, Philippines (our Clark Freeport Factory). The lease is for a period of twenty-five (25) years, effective from 22 April 2016 and renewable only if we and the lessor, namely Clark International Airport Corporation agree to such renewal. The construction was completed in February 2017, with initial manufacturing set up comprising one (1) extruder and two (2) attrition grinding mills. As at the LPD, we have two (2) extruders and two (2) attrition grinding mills at Clark Freeport Factory. Polymer Philippines began supplying Outback Philippines with manufacturing plastic powder in April 2017.

Our Clark Freeport Factory in the Philippines

We have established our Group as manufacturer of compounded plastic powder, with manufacturing plants in Malaysia and the Philippines. In line with our business growth, we are also intensifying our marketing activities and expanding our customer base. During FYE 2015, our first (1st) year of operations, we had approximately twenty-two (22) customers. We secured a total of eleven (11) new customers during FYE 2016 and eleven (11) new customers for FYE 2017.

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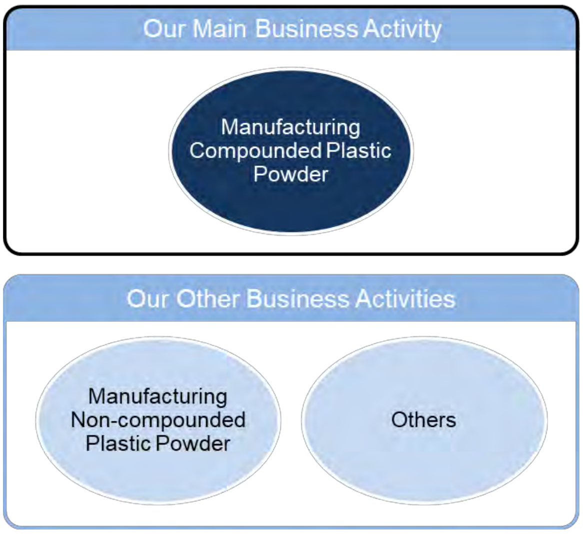
3.2 Our Business Model

3.2.1 Our Business Activities

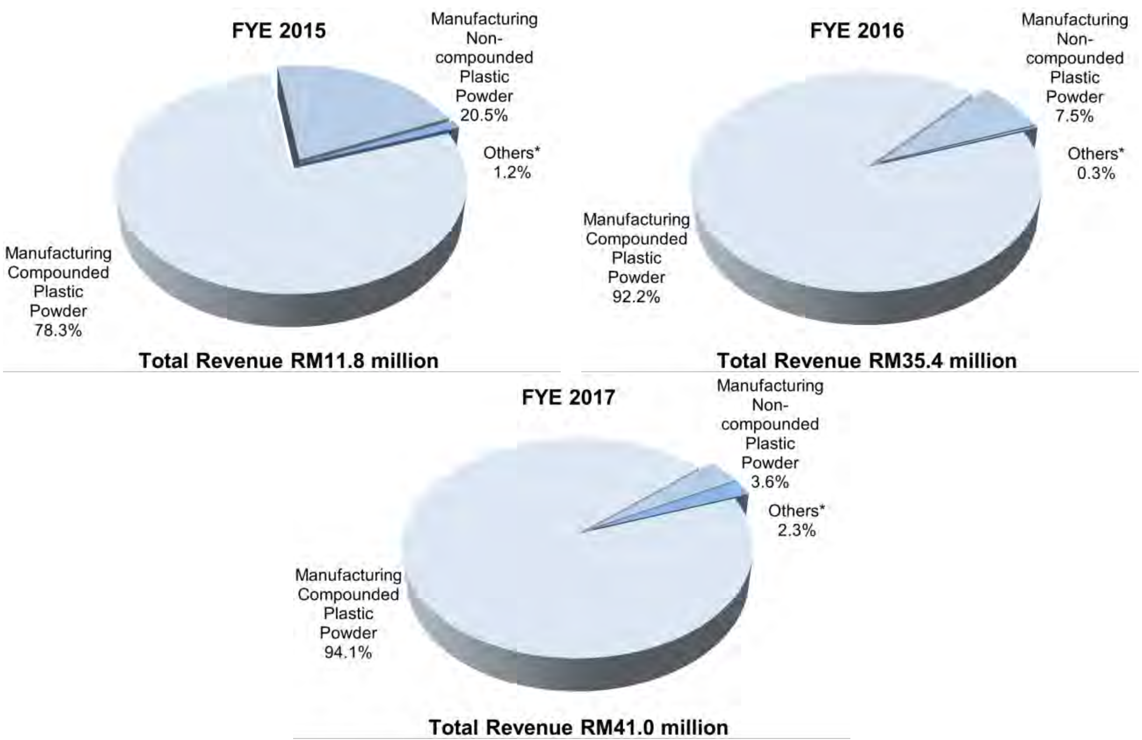
Our business activities for FYE 2015, FYE 2016 and FYE 2017 are provided below:



3.2.2 Our Revenue Segmentation

Our revenue segmentation for FYE 2015, FYE 2016 and FYE 2017 are provided below.

Revenue Segmentation



Note:

* *Others include plastic material supplied to customers for product development and enhancement and trading of plastic materials.*

Our main business activity is manufacturing compounded plastic powder, which accounted for 78.3%, 92.2% and 94.1% of our total revenue for FYE 2015, FYE 2016 and FYE 2017, respectively. Compounded plastic is made by melting and blending plastic resin, masterbatch and additives into a uniform mixture, and then extruding, cooling and cutting the material into pellets. We then grind the compounded plastic pellets into powder in accordance with our customers' specifications.

The compounded plastic powder that we manufacture is mainly used as raw material in rotational moulding, which is a method of manufacturing a range of plastic products.

We are also involved in manufacturing non-compounded plastic powder, whereby plastic resin pellets are ground in a controlled manner to produce plastic powder of a certain size range.

Masterbatch is a concentrated form of pre-mixed additives, where the additives are blended and melted with carrier material, such as plastic resin or compatible material such as wax, into a uniform mixture. This is then cooled, solidified and cut into pellets. A masterbatch can contain more than one type of additive, and normally contains a higher concentration of additives compared to plastic compound.

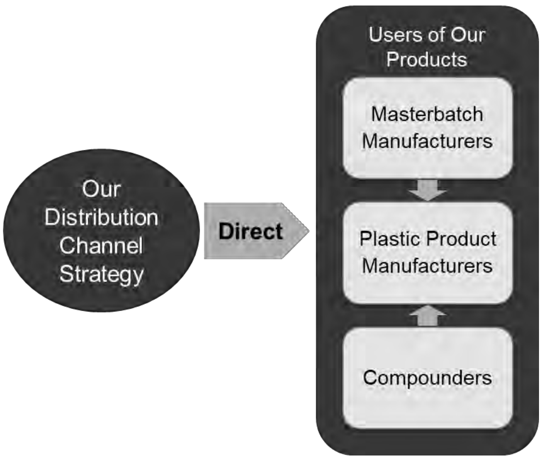
Refer to Section 3.4.5(C) of this Information Memorandum for more information.

3.2.3 Our Target Customers

Our main customer group consists mainly of plastic product manufacturers that use the rotational moulding method to manufacture plastic products such as insulated boxes, bins, water tanks, kayaks and playground equipment. We mainly supply compounded plastic powder to this customer group.

Our customers also include masterbatch manufacturers, where we mainly supply non-compounded plastic powder that is used as carrier material to manufacture masterbatch. We also supply plastic powder to customers for use in powder coating.

3.2.4 Our Distribution Channel Strategy



We adopt a direct distribution channel strategy where we market and sell our products direct to the users. Currently, our customers are mainly secured through business networking by our Promoters, who have extensive experience in the plastics industry as described in Section 4.2 of this Information Memorandum. We are also able to secure customers through business referrals. By marketing and selling directly to users, we are able to understand their requirements and customise our products and services to meet their specific needs, for example in terms of delivery schedules, quality requirements, and product specifications (i.e. colour and particle sizes). This also enables us to develop customer loyalty to sustain and grow our business.

3.3 Our Competitive Advantages and Key Strengths

Our competitive advantages and key strengths will help us retain our existing customers and gain new ones to sustain and grow our business.

We have demonstrated strong revenue growth

We experienced substantial revenue growth between FYE 2015 to FYE 2017, as detailed out in Section 6.4.2 of this Information Memorandum. Our total revenue for FYE 2015 (which captured approximately three (3) quarters of operations from when we commenced business operations to 30 September 2015) was RM11.8 million, whereas the total revenue for FYE 2016, our first (1st) full year of operations, was RM35.4 million. This represented revenue growth rate of 199.3% between FYE 2015 and FYE 2016. Our revenue continues to grow in FYE 2017, as we recorded audited revenue of RM41.0 million, which represents a growth rate of 15.9% between FYE 2016 and FYE 2017.

The Manufacturing Area at our Port Klang Factory

We have experienced management with strong technical skills to drive our business

We have an experienced management and technical team headed by Eddie Koh, our Group MD and CEO, who has twenty (20) years of working experience related to manufacturing compounded plastic powders.

He is supported by other directors and senior managers who have experience and knowledge related to manufacturing compounded plastic powders, namely:

(i) Dr Paul Nugent, our R&D technical director, was awarded a PhD in a field specialising in rotational moulding, and has extensive knowledge and practical experience with plastic powders;

(ii) Kevin Koh, our technical director, has eight (8) years of experience in the plastics industry, including manufacturing compounded plastic powder; and

(iii) Edward Koh, our operations director, has eleven (11) years of experience in the plastics industry, including manufacturing compounded plastic powder.

Additional information relating to the academic qualifications and professional experiences of our management team are set out in Section 4.2 of this Information Memorandum.

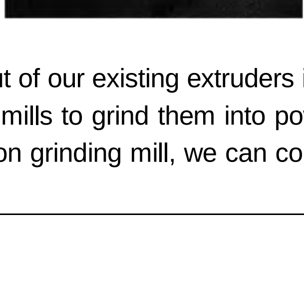
We can easily change our product range with our flexible manufacturing lines to address business opportunities

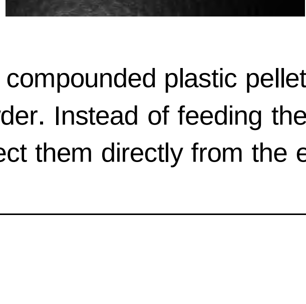
The manufacturing machinery and equipment at our factories in Malaysia and the Philippines are flexible in terms of changing our product range to suit customer requirements. If required, we can easily manufacture different types of compounded plastic powder and other products by making quick adjustments to them and our production processes.

Most of the compounded plastic powder that we currently manufacture uses LLDPE as the main plastic material. Our existing manufacturing machinery and equipment can manufacture compounded plastic powder with other plastic resins. This is achieved by "flushing" or cleaning the extruder and attrition grinding mill between batches to remove all traces of non-compatible plastics and other materials to prevent contamination. We can manufacture compounded plastic powder using other PE categories, such as LDPE, HDPE and MDPE; and other types of plastic such as HIPS, PVC, nylon, PC and PP.

The plastic resins that we used to manufacture compounded plastic powder included LLDPE, LDPE, MDPE, HDPE and HIPS.

Plastic Powder (left) and Plastic Pellets (right)





In addition, the output of our existing extruders is compounded plastic pellets, which we feed into our attrition grinding mills to grind them into powder. Instead of feeding the compounded plastic pellets into the attrition grinding mill, we can collect them directly from the extruder and package them separately for sale to customers. This allows us to easily meet the needs of existing and new customers that want us to supply them with compounded plastic in pellet form.

Our extruders can also manufacture masterbatch by combining an appropriate plastic resin or compatible carrier material with additives. Manufacturing masterbatch will allow us to target new customer groups to expand our addressable markets.

The flexibility of our manufacturing lines enables us to quickly change the types of products that we manufacture, and helps to diversify our business and customer base. We can change the types of plastic that we manufacture to meet changes in the market environment and customer demand.

Plastic powder is mainly used in rotational moulding, while plastic pellets are used in other plastic manufacturing methods such as blow moulding, injection moulding, extrusion and calendering. Our ability to manufacture plastics in both pellet and powder forms allows us to expand our addressable markets to provide our business with growth potential.

We have in-house R&D and product development to increase our portfolio of products to drive growth

We have in-house facilities and personnel to undertake R&D and product development. All the compounded plastic powder that we currently manufacture were developed in-house.

Our R&D facilities and personnel are located at our Port Klang Factory, and it is equipped with test equipment used for our R&D work. Our R&D team is headed by our R&D technical director, Dr Paul Nugent, who provides expert technical knowledge and experience. He is assisted by Kevin Koh, our technical director, and two (2) technicians. Additional information on our R&D equipment and personnel are set out in Section 3.8 of this Information Memorandum.

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Our Rotational Moulding Machine used for R&D

Our in-house R&D capabilities allow us to do the following:

(i) customise compounded plastic powder to meet changing needs of existing customers, and to win new business;

(ii) work together with our customers to develop compounded plastic powder that are optimised to their individual production methods and carry out product differentiation;

(iii) develop proprietary formulations to cultivate customer loyalty for our products; and

(iv) undertake continuous product improvement and enhancement to improve product quality and performance, as well as customer satisfaction.

We are able to rapidly set up manufacturing facilities to address business opportunities

To support the above statement, we have demonstrated the ability to quickly set up new manufacturing facilities in Malaysia and other countries.

We took approximately four (4) months to set up our Port Klang Factory, which involved installing our first (1^{st}) manufacturing line in an existing rented building. Installation work at this factory began in September 2014, and we started commercial manufacturing in December 2014. We have also expanded Port Klang Factory by installing a second (2^{nd}) extruder in late 2015, and a third (3^{rd}) extruder and a third (3^{rd}) attrition grinding mill in 2016.

Manufacturing Area at our Clark Freeport Factory

Setting up of Clark Freeport Factory in the Philippines involved constructing a new office and factory building on leased land, and installing the manufacturing line. Planning, approval and construction of Clark Freeport Factory took approximately eight (8) months and installation work took approximately two (2) months, with production starting in April 2017. As at the LPD, we have two (2) extruder and two (2) attrition grinding mills at Clark Freeport Factory.

Our proven ability to quickly and successfully set up new manufacturing facilities and expand existing ones allows us to increase our production capacity to grow our business. In addition, we have demonstrated the capability to establish a new manufacturing facility in a foreign country. We can grow our business by promptly addressing potential business opportunities in local and foreign markets, and also diversify geographically.

This is substantiated by our strong revenue growth from FYE 2015 to FYE 2017 as mentioned above.

Our factories in Malaysia and the Philippines provide us with market diversity and growth

We started manufacturing compounded plastic powder at our Port Klang Factory in December 2014. Our subsidiary in the Philippines, Polymer Link Philippines, has a factory at the Clark Freeport Zone, and we have since started manufacturing compounded plastic powder there in April 2017.

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Cooled Plastic Strands and Cutting Machine at our Clark Freeport Factory

Our manufacturing operations in the Philippines will allow us to do business with customers in the country directly, and can help to expand our customer base. In addition, operating in more than one (1) country allows us to have a larger addressable market, and diversifies our sources of revenue. These factors will help sustain and grow our business.

We have backup manufacturing capabilities as we have two (2) factories

Our two (2) factories are equipped with machinery and equipment with similar capabilities and manufacture similar types of compounded plastic powder and resin, which provides our Group with backup manufacturing capacity. The Port Klang Factory can fulfil orders that were allocated to Clark Freeport Factory in the event that there is a material disruption to our operations in the Philippines. Similarly, orders that were allocated to Port Klang Factory can be fulfilled by Clark Freeport Factory.

The additional manufacturing capability provides a higher degree of assurance to our customers that we will be able to fulfil their orders according to the stipulated schedule.

3.4 Business Activities, Products and Services

3.4.1 Overview

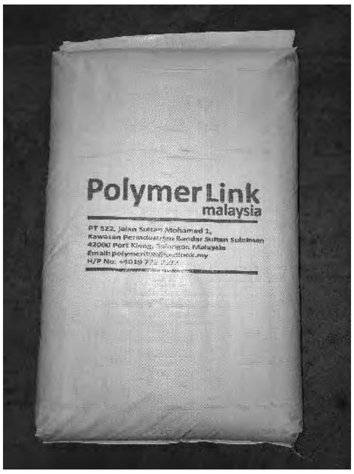
Compounded plastic powder is one (1) of the raw materials used in the rotational moulding method of manufacturing plastic products. Rotational moulding is usually employed to manufacture hollow plastic products, particularly large ones as further detailed out in Section 3.4.5(A) of this Information Memorandum.

We are also involved in manufacturing non-compounded plastic powder for our customers, as detailed out in Section 3.4.3 of this Information Memorandum.

3.4.2 Compounded Plastic Powder

Our main business is manufacturing compounded plastic powder, which accounted for 94.1% of our total revenue for FYE 2017. Compounded plastic is plastic resin that has been blended with masterbatch and additives, and melted to fuse them into a uniform material. This melted material is extruded, cooled and cut into pellets. We then grind the pellets into compounded plastic powder in accordance with our customers' specifications.

A Bag of our Compounded Plastic Powder



PE is currently the primary type of plastic resin that we use to manufacture compounded plastic powder. Additional information relating to PE are set out in Section 3.4.5(B) of this Information Memorandum.

Additives are substances that are blended with plastic to alter its properties, so that specific performance characteristics can be achieved. Masterbatch is a concentrated form of pre-mixed additives, where the additives are blended and melted together with carrier material such as plastic resin or compatible material such as wax. Additional information on additives and masterbatch are set out in Section 3.4.5(C) of this Information Memorandum.

We work with our customers to select the type and concentration of additives and pigments in the masterbatches that are used to manufacture compounded plastic powder, to meet our customers' specifications.

A Production Line at our Port Klang Factory

Additive selection is an important process as the type and quantity of additives used can affect some of the plastic product's properties and characteristics, including:

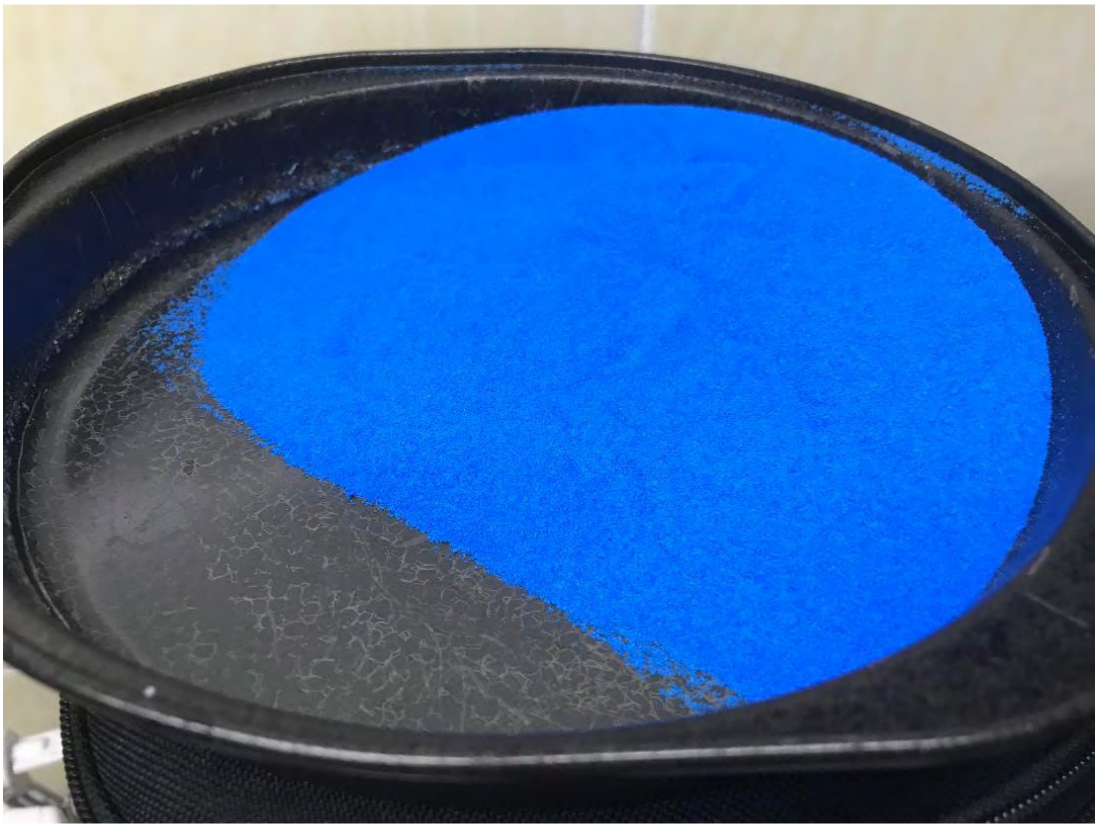
(i) Light stability or ultraviolet ("**UV**") resistance;
(ii) Impact and scratch resistance;
(iii) Warping;
(iv) Colour bleeding and fading;
(v) Extending cycle time; and
(vi) Surface finishing, including smooth or matt texture.

Selecting the type and combination of pigments to obtain the correct colour that meets customers' requirements is also important. Colour matching can be an extended process involving trial and error before the desired colour is obtained.

We use attrition grinding mills to grind the compounded plastic pellets into plastic powder of the required size. This process is also known as "size reduction". We currently manufacture compounded plastic powder in a variety of particle sizes, with the most common being in the 500 micron* range.

Note:
* *For reference, the average diameter of human hair is approximately 100 microns.*

A Sample of our Compounded Plastic Powder



One (1) of our Attrition Grinding Mills

We manage the grinding process and perform the appropriate quality control tests to ensure that the particle size distribution of each batch is in accordance with our customer's specifications. In general, the individual particles of coarser compounded plastic powder (i.e. with larger particle size) take longer to melt. Conversely, finer compounded plastic powder composed of smaller particles are suitable for smaller products, as they melt faster resulting in shorter manufacturing cycle time.

Most of the compounded plastic powders that we manufacture are currently used by plastic product manufacturers that use the rotational moulding method. We also supply compounded plastic powder for use in powder coating.

We currently manufacture compounded plastic powders for our customers on both toll and non-toll manufacturing basis. Under the toll manufacturing basis, the customer provides us with all of the raw materials used, including plastic resin, masterbatch and additives. Under the non-toll manufacturing basis, we provide all of the raw materials that are used in manufacturing the compounded plastic powder, including the plastic resin, masterbatch and additives.

3.4.3 Manufacturing Non-compounded Plastic Powder

We also manufacture non-compounded plastic powder to our customers, which accounted for 3.6% of our total revenue for FYE 2017.

We grind plastic resin pellets in a controlled manner to reduce their size into plastic powder of the required size range. The plastic powder produced is non-compounded as masterbatch and additives have not been added. We currently manufacture non-compounded plastic powders using HDPE, HIPS and other types of plastic resin.

We currently manufacture non-compounded plastic powder for our customers under both the toll and non-toll manufacturing basis, as described in Section 3.4.2 of this Information Memorandum.

3.4.4 Others

Others accounted for 2.2% of our total revenue for FYE 2017. These other activities include the supply of plastic material to customers for product development and enhancement.

3.4.5 Additional Information on rotational moulding, PE and additives and masterbatch

The additional information on rotational moulding, PE and additives and masterbatch are detailed out in the boxes below:

(A): Rotational Moulding

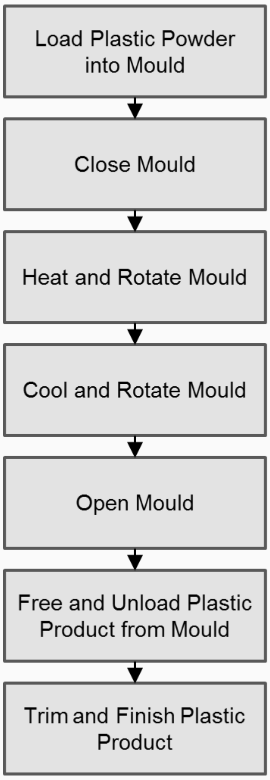
Overview

Rotational moulding is a method that is used to manufacture hollow plastic products. In general, compounded and non-compounded plastic powders are the most common forms of plastic resin used in this method. Plastic in micro-pellet (pellets with diameter of between 0.5 mm and 1.0 mm) and liquid form are also used, although they are less common.

General Process Flow for Rotational Moulding

The general process flow for rotational moulding is summarised below.

General Process Flow for Rotational Moulding



A predetermined amount of plastic powder, micro-pellets of liquid is loaded into one (1) half (1/2) of the hollow metal mould. The second (2nd) half (1/2) of the mould is clamped or bolted into position to seal the plastic in the mould.

The closed mould is attached to a mechanical arm and plate, which work together to rotate the mould along its horizontal and perpendicular axes.

One (1) of our Moulds for Rotational Moulding

The mould is heated as it rotates to melt the plastic powder. Heating also raises the temperature of the mould's interior surface, which causes the melted plastic to stick to it. Successive layers of plastic are steadily deposited on the mould's interior surface as, until all of the material is deposited. This forms the plastic product.

Mould rotation and heating continues for a specified period of time to allow the plastic to cure properly. The mould is moved to a cooling station once curing is complete, where air flow, water mist or a combination of both is used cool the plastic to below its solidification point. The mould continues to rotate as it cools to prevent the plastic material from sagging.

The mould is opened, and the plastic product is freed and unloaded once it has cooled completely. The plastic product may be trimmed and finished to remove excess material, if there is any.

Advantages and Limitations of Rotational Moulding

In general, the rotational moulding method has several advantages compared to other methods of manufacturing plastic products, including:

(i) Rotational moulding does not rely on pressure or force to deposit the plastic material into the mould to form the product, unlike blow and injection moulding. As a result the moulds used in rotational moulding are cheaper, simpler and quicker to produce. They also require less maintenance and can last longer, as they are subjected to less wear and tear;

(ii) Rotational moulding is suitable for manufacturing small production runs of plastic products as the moulds used are relatively simple, cheap and can be produced quickly;

(iii) All of the plastic material loaded into the mould is ultimately incorporated into the plastic product, resulting in very economical use of plastic;

(iv) Colour changes can be made quickly, easily, and without loss of raw material. Unlike blow and injection moulding, there is no need to purge extruders and moulding machinery between colour changes;

(v) Hollow plastic products can be manufactured in one (1) piece with no weld lines or joints;

(vi) Plastic products with thin walls relative to their size and volume can be manufactured;

(vii) A wide range of surface textures, details and graphics can be reproduced by making corresponding markings on the mould's interior surface. Clear and sharp details and graphics can also be achieved;

(viii) Plastic products with multiple layers of plastic material (for example, of different colour) can be manufactured by rotational moulding; and

(ix) Rotational moulded plastic products are generally free of internal stress as they are not subjected to high pressure and force during the manufacturing process.

Relative to other manufacturing methods rotational moulding also has limitations, including:

(i) The rotational moulding method is generally more labour intensive, as moulds have to be filled and closed individually. In addition, the process of freeing and unloading the finished plastic product from the mould is difficult to automate;

(ii) Cycle times are relatively long as the mould and plastic material have to be heated and cooled;

(iii) Due to its relatively long cycle time and high labour requirement, the rotational moulding method is not suitable for manufacturing large numbers of small plastic products;

(iv) The plastic material's temperature is raised throughout the heating and cooling stages. As a result the plastic material used must have good thermal stability, which reduces the number of suitable plastic materials that can be used;

(v) Raw material costs may be higher compared to other manufacturing methods as additives that improve thermal stability are commonly added, and the plastic has to be ground into powder. Release agents are also commonly applied to the mould to make the unloading process easier;

(vi) Large flat surfaces are difficult to produce; and

(vii) The plastic product's final dimensional accuracy may be difficult to control and predict as its interior surface is freely formed during moulding and the plastic product is free to shrink as it cools.

Products Manufactured by Rotational Moulding

Rotational moulding is a versatile manufacturing method that is used to produce a wide range of plastic products for a variety of markets and applications. Some examples are as follows:

Agriculture
- Storage tanks
- Presses and tanks for wine
- Brine tanks
- Livestock shelters

Automotive
- Vehicle arm rests
- Fuel, water and other tanks
- Heavy-duty truck beds
- Air intake systems, duct work
- Instrument panels and consoles

Building and Construction
- Water tanks
- Pipe linings and fittings
- Pool, spa and hot tub parts
- Lighting globes

Electrical and Electronic Products
- Pedestals
- Underground chambers
- Machine and speaker enclosures
- Cross-arms for utility poles
- Water and other tanks for appliances

Industrial Applications
- Corrosion and pollution resistant parts
- Water and chemical tanks
- Casing, shrouds and housing for machinery and equipment
- Laboratory tanks and sinks

Marine Applications
- Dock floats, bumpers, pontoons and wheels
- Vessel fuel tanks, seats and fenders
- Storage bins
- Boat hulls
- Life-saving rings and floats

Material Handling and Storage
- Insulated boxes
- Tanks
- Drums and barrels
- Hoppers
- Intermodal bulk containers
- Skids and pallets
- Chutes
- Carts, containers and lids
- General waste and recycling bins

Medical Equipment
- Spine boards and stretchers
- Wheelchair and dentist's chair parts
- Anatomical figures and models
- Medicine balls Insulated food containers
- Syringe bulbs
- Tanks for biological processes

Playground Equipment
- Slides
- Playhouses
- Climbing frames and play stations

Signage and Display
- Point of purchase displays
- Newspaper vending boxes

Sports, Toys and Recreation
- Parts for dolls and figurines
- Balls and other toys
- Helmet lining
- Kayaks and canoes
- Ski cases
- Pet products
- Bowling equipment
- Park and other benches

Road Infrastructure
- Road barriers and bollards
- Road signage
- Other road furniture

Rotational moulding is also used to create corrosion resistant plastic lining for the interior of metal tanks, including very large tanks for industrial and commercial applications. The tank acts as the mould, and the manufacturing process is similar to that used to manufacture other plastic products. The key difference is that the plastic material is left in place after it has cooled, and forms the tank's lining.

Types of Plastics Used in Rotational Moulding

Not all types of plastic materials can be used in rotational moulding. The general criteria that a type of plastic material should fulfil before it can be considered as suitable for rotational moulding include the following:

(i) The plastic material should exhibit good thermal stability and does not degrade when exposed to heat;

(ii) It should be easy and economical to grind the plastic material into a powder that flows easily. Alternatively the plastic material should be available in liquid form;

(iii) When heated the plastic powder should melt fairly quickly to avoid the formation of clumps;

(iv) The plastic material must be able to coat the interior surface of the mould evenly and form a smooth inner surface; and

(v) The plastic material must exhibit sufficient thickness (high viscosity) when it is in liquid or molten form, so that it does not remain at the bottom of the mould as it is rotated.

PE is the most common type of plastic currently used in rotational moulding. Other types of plastics that are also used in rotational moulding include PVC, nylon, PC and PP.

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(B): Polyethylene

PE offers a combination of the following characteristics that make it suitable for rotational moulding:

(i) PE has good thermal stability, which can be improved by using suitable additives;

(ii) It is convenient to process PE for rotational moulding as it is relatively easy to grind into free flowing plastic powder;

(iii) PE is compatible with a wide range of pigments and as a result it is possible to manufacture plastic products of various colours using PE;

(iv) Plastic products made from PE generally have good resistance to water and chemicals such as oil, alkalis and acids. These properties can be modified with the use of suitable additives;

(v) PE is available in a number of categories, which exhibit a range of physical properties. As a result manufacturers choose the most suitable PE category for their products, which increases the range of applications that PE can be applied to; and

(vi) PE plastic resin is readily available.

PE can be subdivided into different categories depending on its density. These categories are:

(i) Low density PE (LDPE) is composed of polymer chains with many long side branches, causing individual chains to be relatively far apart with lower attraction between chains. As a result plastic products made from LDPE generally have good flexibility (low stiffness), good impact resistance and good environmental stress cracking resistance;

(ii) In high density PE (HDPE) the polymer chains are linear with few short side branches, and as a result chains are packed close together with stronger attraction between chains. Plastic products made from HDPE have high stiffness and strength, but lower impact resistance compared to LDPE;

(iii) Medium density PE (MDPE) has physical properties that are between those of LDPE and HDPE; and

(iv) The polymer chains in linear low density PE (LLDPE) have more regular side branches compared to LDPE, but these branches are relatively short. Individual polymer chains are relatively far apart resulting in lower density and good flexibility, while also resulting in greater strength and impact resistance compared to LDPE of the same density.

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(C): Additives and Masterbatch

Additives are substances that are blended with plastic to alter its properties. Specific performance characteristics can be achieved by varying the types and quantities of additives that are used. The types of additives that are currently used in rotational moulding are summarised as follows:

Plasticisers

- The incorporation of plasticisers reduces the thickness (viscosity) of melted plastic, which can make the manufacturing process easier.
- Plasticisers can also increase the softness and flexibility of the final plastic product.

Lubricants

- Lubricants are used to reduce the thickness of the melted plastic during the manufacturing process. Unlike plasticisers, lubricants do not affect the properties of the final plastic product.

Anti-oxidants

- Anti-oxidants are added to protect the plastic material from heat degradation during the rotational moulding process.
- They also protect the plastic product from damage due to high temperature once it is in use.
- Oxygen can react with the product plastic during manufacturing and when it is in use, resulting in damage. Anti-oxidants protect the plastic by preventing the reaction from starting or continuing.

Stabilisers

- Stabilisers are used to improve the thermal stability of plastic material and reduce the degradation that may occur as it is heated or oxidised during the manufacturing process.
- Stabilisers can also reduce damage on the plastic product due to environmental effects.

Fillers

- Fillers are solid additives that modify the physical properties of plastic, such as hardness, flexibility or stiffness, impact resistance, resistance to breaking under tension, and resistance to deformation when heated.
- Rubber and other elastic material are also used as fillers to improve the flexibility and impact resistance of rigid plastic.
- Fillers can also alter the physical appearance of plastic, for example by making its surface glossy.
- In addition, fillers are used to reduce the cost of a finished plastic product by replacing plastic resin with a cheaper filler material. The proportion of filler that can be used is usually limited by the need not to compromise the performance of the finished plastic product.
- Examples of fillers include solid powders such as calcium carbonate, china clay and talc; and natural and synthetic rubber materials.

UV Stabilisers

- Exposure to UV light in sunlight can cause chemical reactions in plastic products, including reactions with oxygen. This can result in damage such as discolouration, cracking and hardening.
- Some UV stabilisers protect plastic by absorbing energy from UV light. Other types of UV stabilisers stop the chemical reactions from starting or continuing.

Foaming Agent

- Foaming agents are used to release gas to create bubbles within the plastic material in a controlled and uniform manner.
- These bubbles can help to improve the thermal and sound insulation properties of the plastic product, make the plastic product more rigid and improve its stiffness relative to its weight.

Flame Retardant

- Flame retardants are used to reduce the flammability of plastic products. They are intended to make it harder for plastic products to catch fire, and to reduce the severity of fire if it does occur.

Pigments

- Pigments are used to alter the colour and opacity of plastics.
- Colour matching is important to ensure that the final plastic product achieves the desired colour and opacity, as heating and the presence of other additives may result in slight variations in colour.

Conductive Additive

- Conductive additives, such as carbon black, can convert the plastic into material that can conduct electricity.

Anti-static Additive

- Anti-static additives are used to reduce the build-up of static material in plastic powder during the rotational moulding process.

We currently use additives in the compounded plastic powders that we manufacture. They are used individually, or in a combination of two (2) or more different additives.

Masterbatch is a concentrated form of pre-mixed additives, where the additives are blended and melted with carrier material, such as plastic resin or compatible material such as wax, into a uniform mixture. This is then cooled, solidified and cut into pellets. A masterbatch can contain more than one (1) type of additive. Masterbatch normally contains a higher concentration of additives compared to plastic compound.

We currently manufacture compounded plastic powders that contain a variety of additives, including one (1) or a combination of the following:

(i) Pigments;
(ii) UV stabilisation;
(iii) Fillers to modify impact resistance, stiffness, environmental stress crack resistance; and
(iv) Anti-oxidants.

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3.5 Operational Facilities of our Group

As at the LPD, we have two (2) operational facilities, namely Port Klang Factory in Malaysia and Clark Freeport Factory in the Philippines.

	Port Klang Factory	Clark Freeport Factory
Main Functions	Head office, Manufacturing plant, R&D centre, Warehouse	Office, Manufacturing plant, Warehouse
Land Size	64,530 square feet	110,055 square feet
Approximate Built-up Area	41,973 square feet	34,000 square feet
Number of Technical and Operational Employees*	21	11
Address	PT 522, Jalan Sultan Mohamed 1, Kawasan Perindustrian Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan, Malaysia	Building No. 7494, M.K. Quezon Corner C.M., Recto Avenue, Clark Freeport Zone, Pampanga, Philippines

Note:

* *Number of technical and operational employees, which includes technicians and production operators for Port Klang Factory and Clark Freeport Factory, as at the LPD.*

Additional details in relation to the tenancy agreement for our Port Klang Factory and the lease agreement of our Clark Freeport Factory are set out in Section 10.4 of this Information Memorandum.

3.6 Manufacturing Capacity, Production Output and Utilisation Rates

From the perspective of manufacturing capacity, there is no material difference between manufacturing compounded plastic powder and non-compounded plastic powder. This is because the same extruder and attrition grinding mills can be used to manufacture all of these products, and the production processes used are almost identical. In addition, preparing a manufacturing line to switch between these products and business activities is relatively quick and simple. As a result, it is not practical to segment our production capacity between these products and business activities.

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The annual manufacturing capacity, production output and utilisation rate of our Port Klang Factory and Clark Freeport Factory for FYE 2017 are summarised in the following table:

	Manufacturing Capacity(1) (general material)(2)	(specified material)(3)	Production Output(4)(5)	Utilisation Rate(6)
Port Klang Factory				
Plastic Pellet Manufacturing (tonnes)	10,800	9,072	3,956	44%
Plastic Powder Manufacturing (tonnes)	15,552	12,960	5,486	42%
Clark Freeport Factory				
Plastic Pellet Manufacturing (tonnes)	8,640	4,320	632	15%
Plastic Powder Manufacturing (tonnes)	10,368	8,640	632	7%

Notes:

(1) The annual manufacturing capacity is calculated based on running two (2) shifts per day, twelve (12)-hours per shift, and thirty (30) working days per month; allowance is made for periodic change-over and regular maintenance.

(2) The annual manufacturing capacity for general material is calculated based on the equipment manufacturer's nameplate capacity of the attrition grinding mill, using general material which is commonly used by rotomoulders.

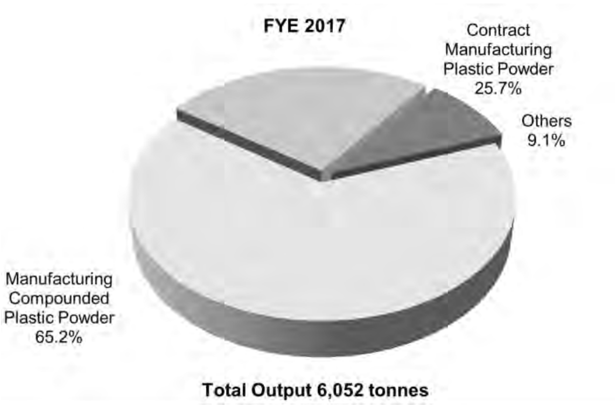
(3) The annual manufacturing capacity for specific material is calculated based on the specific materials mainly used by Polymer Link for FYE 2017 and by Polymer Link Philippines based on the production period of six (6) months for FYE 2017.

(4) The production output for Port Klang Factory is based on actual full year production output for FYE 2017.

(5) The production output for Clark Freeport Factory for FYE 2017 is based on actual six (6) months production and sales, as Clark Freeport Factory only began to manufacture compounded plastic powder in April 2017.

(6) The utilisation rate is calculated by dividing production output by the manufacturing capacity of the specified material.

Segmentation of the Plastic Powder that we Manufactured during FYE 2017



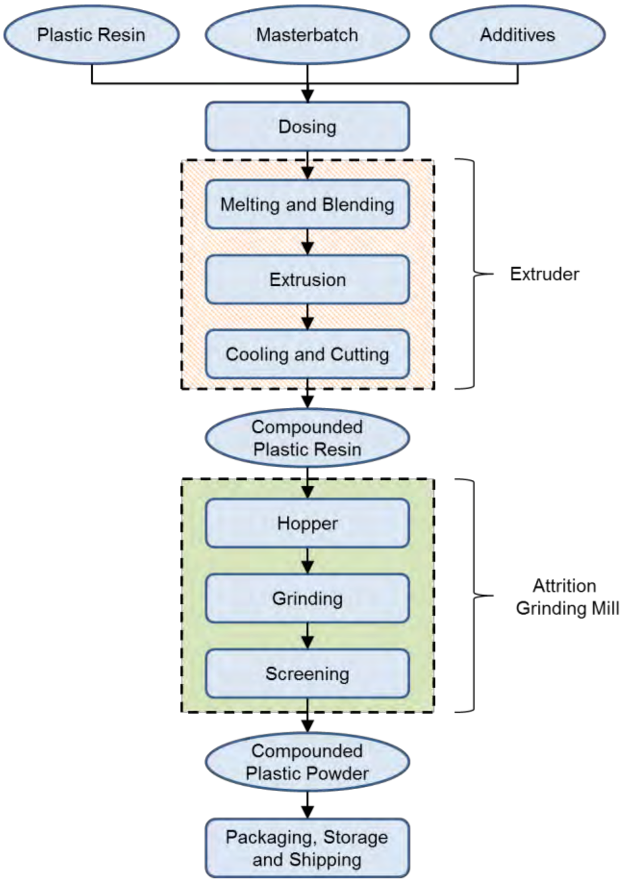
We have the capacity to run two (2) twelve (12)-hour shifts per day at Port Klang Factory, and work an average of thirty (30) days per month.

Our Clark Freeport Factory in the Philippines only began to manufacture compounded plastic powder in April 2017. As such, save for the manufacturing capacity, the output and utilisation rate provided for FYE 2017 are based on the actual six (6) months production of Clark Freeport Factory. As at the LPD, our Clark Freeport Factory facility's annual manufacturing capacity for plastic pellet and plastic powder are estimated at 8,640 tonnes and 10,368 tonnes respectively, based on equipment manufacturer's nameplate capacity of the installed equipment. It is calculated based on running two (2) shifts per day, twelve (12)-hour per shift, thirty (30) working days per month and making allowance for changeover and regular maintenance. We are currently running on two (2) twelve (12)-hour shift per day, thirty (30) days per month at Clark Freeport Factory.

3.7 Process Flow

3.7.1 General Process Flow for Manufacturing Compounded Plastic Powder

The general process flow for manufacturing compounded plastic powder is illustrated in the following diagram:



There are two (2) main processes in manufacturing compounded plastic powder:

(i) mixing and melting input materials, extrusion and cutting into pellets; and

(ii) grinding the pellets into the desired particle size.

We conduct quality control inspection on all incoming raw materials, including plastic resin, masterbatch and additives, to ensure that they comply with our specifications.

Plastic resin, masterbatch and additives (if any are used) are loaded into the dosing system. The dosing system feeds plastic resin into the extruder at a controlled rate, adding specific quantities of masterbatch and additives in accordance with the formulation of the batch being manufactured. The mixture fed into the extrusion machine travels through a heated barrel and screw, where it is melted and blended together. The melted material is extruded through a die head, and exits the extrusion machine as long strands of soft, semi-solid plastic.

The semi-solid plastic strands are run through a water bath to cool and solidify them. They are then fed into a cutting machine, where they are cut into compounded plastic pellets of uniform size.

After it has passed quality control inspection, the compounded plastic pellets are loaded into a hopper. A vibratory augur feeds the compounded plastic pellets into the attrition grinding mill at a controlled rate.

The attrition grinding mill has two (2) metal grinding plates, one (1) of which is fixed while the other spins at a high speed. Both grinding plates have a series of radial cutting teeth that are cut at an angle so that the gap between the teeth edges is widest at the centre, and progressively narrows towards the outer edge of the grinding plates. The size of the gap can be adjusted to control the size of the plastic powder particles produced during grinding.

The compounded plastic pellets are fed through the centre of the fixed grinding plate, and are forced to the outer edges by the flow of air and movement of the spinning grinding plate. The compounded plastic pellets are progressively reduced in size as particles are shaved off by the cutting teeth as they move through the narrowing gap between the cutting teeth edges. Particles and compounded plastic pellets remain between the grinding plates until they are small enough to exit through the narrowest gap around the edge.

The particles that leave the grinding plates are carried by a flow of air to a screening unit. The screening unit has a number of screens of a specific mesh size. Particles that do not pass through the screens are conveyed back to the attrition grinding mill for further grinding. Particles that pass through the screens are removed from the screening unit as finished compounded plastic powder.

We collect samples from each batch for our in-house quality control testing. We test for physical parameters such as powder flow rate, density and particle size distribution, as well as chemical composition and additive concentration. Batches that fail additive composition tests can be reworked as plastic resin for future batches of similar composition. Batches that fail particle size tests may be reworked by further grinding.

After it has passed the final quality control inspection, the compounded plastic powder is packaged for storage and shipping to our customers.

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The following images illustrate some of the steps involved in manufacturing compounded plastic powder at our Port Klang Factory.

Loading raw materials into a dosing system.

Cooling semi-solid plastic strands in a water bath.

Feeding solidified plastic strands into a cutting machine.

Collecting plastic pellets from the cutting machine.

Attrition grinding mill in operation.

Packing plastic powder into bags.

3.8 Research and Development, and Quality Control

R&D is an important aspect of our business. All of the compounded plastic powders that we manufacture as at the LPD, were developed through our in-house R&D and product development efforts. Our R&D activities include:

(i) developing new compounded plastic powder formulations to meet the specific performance requirements of our existing and prospective customers; and

(ii) improving or modifying the performance characteristic of an existing compounded plastic powder formulation.

As at the LPD, our R&D team is headed by our R&D technical director, Dr Paul Nugent, who has a PhD specialising in rotational moulding. He is assisted by Kevin Koh, our technical director, and two (2) technicians at Port Klang Factory. Additional information on the academic qualifications and professional experiences of Dr Paul Nugent and Kevin Koh are set out in Section 4.2 of this Information Memorandum.

QC is also an important business function, and our operations are governed by documented quality control procedures. QC tests at our Port Klang Factory are handled by the R&D team. At our Clark Freeport Factory, QC tests are carried out by two (2) technicians.

We have managed to achieve a low rejection rate at both of our manufacturing plants through our QC procedures and testing, resulting in very little wastage of raw materials. The annual rejection rates of our manufacturing plants for FYE 2017 are summarised in the following table:

	Port Klang Factory	Clark Freeport Factory[(3)]
Plastic Pellets[(1)]		
Quantity Manufactured (tonnes)	3,956	632
Quantity Rejected (tonnes)	20	3
Rejection Rate[(2)]	0.5%	0.5%
Plastic Powder[(1)]		
Quantity Manufactured	5,486	632
Quantity Rejected	27[(4)]	3
Rejection Rate[(2)]	0.5%	0.5%

Notes:

(1) *Plastic pellets and plastic powder include both compounded and non-compounded materials.*

(2) *Rejection rate is calculated by dividing the quantity rejected by the quantity manufactured. To minimise and further reduce losses from the rejected products, the rejected products are usually reworked and sold as a lower grade plastic material.*

(3) *Our Clark Freeport Factory only began to manufacture compounded plastic powder in April 2017.*

(4) *The rejected material is reworked and sold as a lower grade plastic material, thus bringing the material rejection rate further to 0.05%.*

Both our Port Klang Factory and Clark Freeport Factory are equipped with in-house test equipment to carry out R&D and QC tests.

The types and functions of our main test equipment as at the LPD are as follows:

Type and function of test equipment

Rotational Moulding Machine

- A fully operational rotational moulding machine with an automated heating and cooling control system. It has the capacity to manufacture large plastic products, such as insulated plastic boxes.

Laboratory Rotational Moulding Oven

- A laboratory-scale rotational moulding oven used to melt samples of plastic powder in a mould to produce standardised plastic discs known as "test samples" for testing. Parameters such as mould rotation profile, heating and cooling cycle are controlled.

In-mould Temperature Monitoring System

- Device to provide real-time temperature measurement and recording of the mould's interior during the heating and cooling cycles.

Portable Spectrophotometer

- Portable device that measures the colour and brightness of an object. Brightness is affected by the object's colour, and how strongly light of that colour is reflected from that object.

Laboratory Deep Freezer

- Laboratory freezer to cool plastic samples to very low temperatures, as low as -40 °C.

Melt Flow Index Measurement Device

- Apparatus used to measure the Melt Flow Index ("**MFI**") of a plastic. It consists of a heated barrel, weight and piston, and nozzle.

Impact Tester

- Test system to test the impact resistance of a plastic. A test weight is dropped from a certain height to deliver impact of known force onto a test sample.
- The test sample may be at ambient, frozen or deep-frozen temperature to determine its impact resistance at different temperatures.

Particle Sieve Shaker

- A system composed of a series of sieves of different mesh sizes and a shaker. The particle sieve shaker is used to separate the particles in a plastic powder sample into a range of different sizes. This allows the sieve to create a particle size distribution profile for a plastic powder sample.

Dry Flow Funnel

- A metal cone with an open bottom that is used to determine how smoothly plastic powder flows. This equipment is also known as a "bulk density cup".

Density Meter

- Electronic instrument to measure the density of material, including plastics.

Electronic Balance

- An electronic scale to accurately measure the weight of a sample.

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The tests that we carry out as part of our product development and QC include:

(i) **Prototyping**: We prepare a batch of a formulation that we have developed by blending and melting the plastic resin, masterbatch and additives in the required proportion. We grind this plastic material under the appropriate conditions to produce plastic powder of the desired size. This is used to produce test samples or sample products, which are used to perform other necessary tests. The data gathered are analysed to determine if the new formulation achieves the desired performance requirements. If the performance requirements are not achieved, the data analysis can indicate the modifications that should be made.

A Sample Product Produced with our Rotational Moulding Machine

(ii) **Manufacturing Simulation:** We use our full-scale rotational moulding machine to simulate our customers' manufacturing processes as part of our product development work. We produce samples of our customers' products with compounded plastic powder formulations that we develop (which may also involve changes in particle size), and then perform tests of them to see how they perform. We can also study if we can improve our customers' manufacturing cycle times by modifying parameters such as compounded plastic powder formulation, and particle size.

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(iii) **Test Sample Preparation**: A specific quantity of plastic powder is sealed in a standard mould, which is loaded into our **laboratory-scale rotational moulding oven**. We control the heating and cooling cycle parameters, including the cycle time, heating profile and maximum temperature, cooling profile and how the mould is rotated. This allows us to mimic the heating and cooling cycle of our customers' manufacturing processes. The test sample that is produced is in the form of a plastic dish, which we can use to perform visual examination and other tests described in this section.

(iv) **Visual Examination**: The test sample is visually inspected for defects such as burn marks, cracks, warping, discolouration and small pinholes. These defects show that the plastic powder formulation has to be adjusted. For example, burn marks indicate that the plastic powder does not have sufficient thermal stability for the heating and cooling cycle used to produce the sample. As a result the proportion of stabiliser additives should be increased, or the length and intensity of the heating cycle should be reduced.

One (1) of our Dry Flow Funnels

(v) **Dry Flow Test**: A plastic powder sample of known weight is poured into the **dry flow funnel's** cone, and the time that it takes for the entire sample to flow out of the bottom is recorded. A plastic powder that flows out more quickly is generally made up of particles of more uniform size, shape and smoothness compared to one (1) that takes more time to flow out.

(vi) **Impact Test**: A test sample is mounted on the **automatic falling dart impact tester**. A test dart is dropped from a certain height to deliver impact of known force onto the test sample. The test sample is then examined for signs of damage, such as dents, splits and cracks. The impact force applied can be changed by varying the weight of the test dart, and the height from which it is dropped. The impact resistance of plastics generally change with temperature, and as a result impact tests are carried out on test samples of different temperatures, such as ambient, frozen and deep-frozen.

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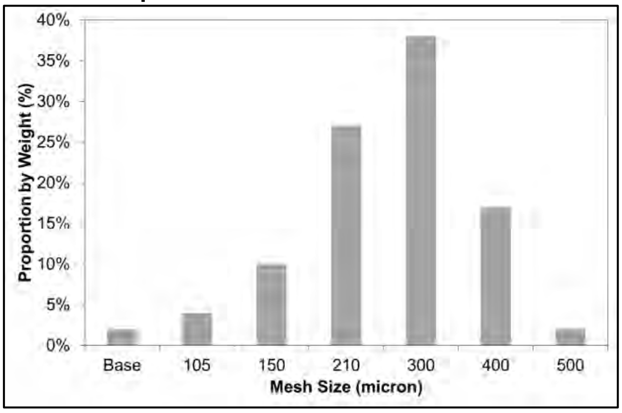
(vii) **Particle Size Distribution Profile**: The **particle sieve shaker** is used to develop this profile. A sample of plastic powder of a certain weight is placed into the top sieve, which has the largest mesh size. The sieves are shaken, which causes plastic powder particles that are smaller than a sieve's mesh size to fall into the sieve below it. At the end of the test each plastic particle would have collected in the sieve where the mesh size is too small for it to fall through. As a result, each sieve will contain plastic particles that are within a certain size range. The amount of plastic powder in each sieve is weighed, and the information is used to create the particle size distribution profile.

Our Particle Sieve Shaker

Sieve Trays

An Example of a Particle Size Distribution Profile



(viii) **Colour matching**: The test sample is placed under a light source of specific whiteness and strength. We use our **portable spectrophotometer** to measure its colour and brightness. The results are compared to the parameters specified by our client.

(ix) **Melt Flow Index Measurement**: The **MFI measurement device** consists of a test barrel, nozzle, standard weight and piston. A quantity of plastic is loaded into the test barrel, which is heated to a specific temperature. When the plastic has melted force from the standard weight and piston is applied, which causes the plastic to flow out of the nozzle at the bottom of the test barrel. The melted plastic that flows out of MFI measurement device in ten (10) minutes is collected and weighed, and this weight (in grams) is the MFI of the plastic. A plastic with high MFI can be described as "quick or easy flowing", while a plastic with low MFI is "slow flowing".

3.9 Employee Segmentation

Our employee segmentation by job function and subsidiary company as at the LPD is summarised in the following table:

	Polymer Link (Port Klang Factory)			Polymer Link Philippines (Clark Freeport Factory)		
	Number of Employees			Number of Employees		
	MY	Non-MY	Total	MY	Non-MY	Total
Directors and Senior Managers	4	1	5	-	3	3
Technicians	-	-	-	-	2	2
Administrative Staff	3	-	3	-	1	1
Sales and Marketing	-	-	-	-	-	-
Production Operators	-	21	21	-	9	9
Total	**7**	**22**	**29**	**-**	**15**	**15**

Note: MY = Malaysian.

3.10 Succession Plan

We believe that our continuing success depends on, amongst others, our ability to retain our Directors and key management personnel, and attract and retain personnel with the appropriate skills and experience.

We will identify our Group's leadership positions, along with their key competencies and requirements, based on our business goals and strategies. The goal of our succession plan is to ensure that we will always have potential leaders with the appropriate skills and experience to fill these leadership positions.

Our succession plan consists of the following measures:

(i) Adopt a proactive approach towards identifying and developing potential leaders. We will run a rigorous selection process to identify managers and other staff who have leadership potential. They are provided with structured training and skills development to prepare them for leadership positions within our Group; and

(ii) Implement a mentorship programme to connect potential leaders with a mentor, who is one (1) of our senior managers or Directors. The mentor will provide guidance, advice and skills transfer to prepare the junior manager to take on more responsibility and leadership within our Group.

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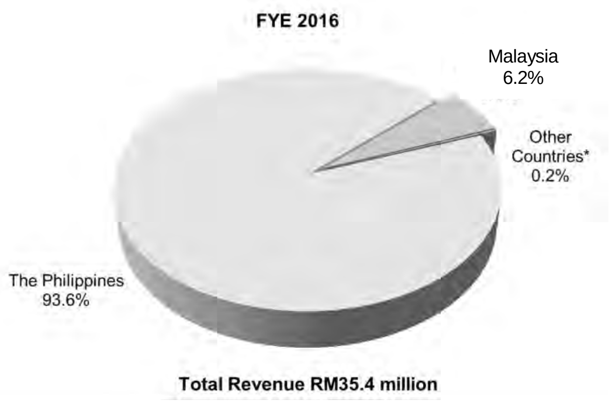
3.11 Our Principal Markets

Most of our revenue is currently from customers outside Malaysia. The breakdown of our revenue by markets for FYE 2015, FYE 2016 and FYE 2017 are in the following diagrams:



** Other countries comprise Indonesia and Australia.*

**Other countries comprise Vietnam and Australia*

The Philippines was our largest market for FYE 2017, accounting for 90.62% of our total revenue. Malaysia accounted for 6.82% of our total revenue for FYE 2017, while Vietnam and Australia collectively accounted for 2.56% of our total revenue.

3.12 Major Customer

The customer that contributed 10% or more of our total revenue for FYE 2015, FYE 2016 and FYE 2017 is as follows:

	FYE 2015		FYE 2016		FYE 2017	
Customer	Revenue RM'000	% of Group Revenue	Revenue RM'000	% of Group Revenue	Revenue RM'000	% of Group Revenue
Outback Philippines	10,416	88.0	33,161	93.6	37,195	90.6

Our largest customer for FYE 2015, FYE 2016 and FYE 2017 is Outback Philippines, which is located in the Philippines, with a total revenue contribution percentage of 88.0%, 93.6% and

90.6%, respectively, from the total revenue of our Group. We supply compounded plastic powder to Outback Philippines. The company uses the compounded plastic powder that we supply to them to manufacture plastic insulated boxes using the rotational moulding method. These products are manufactured for a US-based brand owner on an original equipment manufacturer ("**OEM**") basis for the brand owner's markets in the US and other countries.

An Example of the Type of Products Manufactured by Outback Philippines using our Compounded Plastic Powder

Our business is highly dependent on Outback Philippines. Outback Philippines is currently involved in manufacturing plastic insulated boxes using the rotational moulding method.

We are taking the following steps to reduce and mitigate our dependency on Outback Philippines:

(i) We are actively marketing our products and services, and have expanded our customer base from 22 for FYE 2015 to 44 for FYE 2017. The larger customer base is expected to result in higher revenue contribution from customers other than Outback Philippines. Our Group's total revenue from other customers has increased from RM1.4 million for FYE 2015 to RM2.3 million for FYE 2016, and a further increase recorded for FYE 2017 of RM3.9 million;

(ii) We intend to further develop the Malaysian market by working with local plastic manufacturers to supply them with compounded plastic powder and pellets. For FYE 2017, customers in Malaysia accounted for 6.8% of our Group revenue. As such, there are significant opportunities for us to grow our business in Malaysia;

(iii) We plan to set up a warehouse facility in Wisconsin, US. We will use this facility to enter the US market and secure new customers in that country, and in other North American market such as Canada as detailed out in Section 3.15.2 of this Information Memorandum; and

(iv) We have the R&D facilities and technical expertise to develop new products, including masterbatch and compounded plastic pellets. We can manufacture these products with our existing manufacturing lines. This existing in-house capability will allow us to address new markets and customer groups, and help to expand our customer base.

3.13 Types and Sources of Input Materials

The major types of materials and services that we purchased during FYE 2017 are as follows:

	Purchases(1)		Source Countries Malaysia(2)	Others(3)
	RM'000	*(%)*	*(%)*	*(%)*
Plastic Resin	24,385	90.61	14.95	85.05
Masterbatch	2,518	9.36	18.36	81.64
Additives	9	0.03	100.00	-
Total	**26,912**	**100.0**		

Notes:

(1) Proportion of our total purchases.

(2) Materials that are manufactured in Malaysia.

(3) Materials that are manufactured in other countries.

3.14 Major Suppliers

The suppliers which accounted for 10% or more of our total purchases for FYE 2015, FYE 2016 and FYE 2017 are as follows:

	FYE 2015		FYE 2016		FYE 2017	
Suppliers	Purchases RM'000	% of Group Purchases	Purchases RM'000	% of Group Purchases	Purchases RM'000	% of Group Purchases
Lotte Chemical Corporation	10,204	78.7	19,037	83.4	20,529	76.3
Commercial Plastic Industries Sdn Bhd	2,256	17.4	805	3.5	1,904	7.1

We purchased LLDPE plastic resin from Lotte Chemical Corporation ("**Lotte**"), which is based in South Korea. We purchased LDPE, MDPE and HDPE plastic resin from Commercial Plastic Industries Sdn Bhd ("**Commercial Plastic Industries**"), a stockist based in Malaysia. The products we purchased from both of these suppliers are widely manufactured and traded globally. We can purchase similar products from other suppliers, should there be a need to do so.

The reasons we mainly purchased these products from the two (2) suppliers are as follows:

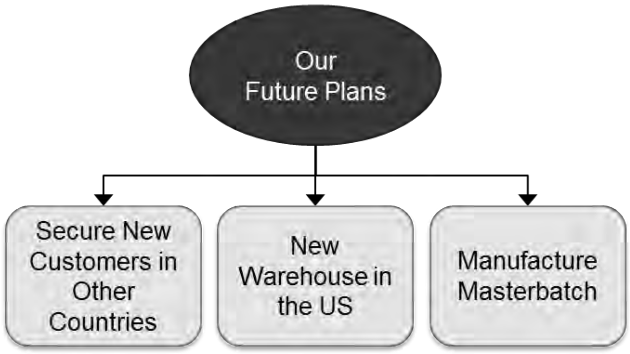
(i) We found that the products supplied met with our quality requirements;

(ii) The suppliers provided satisfactory customer service; and

(iii) Lotte is a major manufacturer of plastic resins, while Commercial Plastic Industries is an established stockist of plastic resins in Malaysia. They have built a track record of reliably supplying plastic resins to their customers.

3.15 Our Future Plans

Our future plans are focused on the key areas as summarised in the following diagram:



3.15.1 Secure New Customers in Other Countries

We plan to market our products and services to secure new customers in selected countries in the Asia Pacific region, North America, and Europe. Securing new customers will also help to grow and diversify our business. This plan to expand our customer base is supported by the increase in our production capacity to meet these requirements.

Our marketing efforts will involve working directly with prospective customers to demonstrate our technical knowledge and ability to meet their requirements, including producing samples and prototyping. We also plan to attend industry conferences and events to meet prospective customers and showcase our capabilities.

The countries that we are targeting in the Asia Pacific region are Australia, China, India, New Zealand, Papua New Guinea, Thailand and several countries in Europe. We plan to enter the North American countries such as the US and Canada by renting a new warehouse in the US.

As at the LPD, we are actively working to secure new customers in selected countries and intend to continue our efforts moving forward.

3.15.2 New Warehouse in the US

We intend to set up a new warehouse in a rented premise located in the state of Wisconsin, US. Our initial objective in setting up the new warehouse in this area is to secure targeted plastic product manufacturers that use rotational moulding as new customers. These targeted plastic product manufacturers are Original Equipment Manufacturers (OEM) that manufacture plastic products for a US-based brand of insulated boxes. We will also use this facility as our base to secure other new customers in the US and Canada. This geographic expansion will also serve to diversify our customer base.

3.15.3 Manufacture Masterbatch

We plan to expand our product range by manufacturing filler, colour and additive masterbatch. Filler masterbatch uses a cheaper material to replace more expensive plastic resin without materially compromising the finished plastic product's performance, characteristics and properties.

Colour masterbatch is used to impart colour to the finished plastic product. Manufacturing colour masterbatch involves colour matching, and requires specialised equipment and skills. We currently carry out colour matching as part of our compounded plastic powder manufacturing process and have the required equipment and skills. We will use these resources to expand into manufacturing colour masterbatch.

Additive masterbatch contains a high concentration of one (1) or more additives. It is used to modify the characteristics and properties of the finished plastic products to achieve the required performance level. This can involve UV resistance, impact resistance, stiffness and other properties.

We currently have the test equipment, technical skill and experience to develop and manufacture masterbatch. We can manufacture masterbatch with our existing extruders and other machinery, with some modifications to our current production process.

Masterbatch manufacturing will expand our product range, and allow us to address new markets, customer groups and potentially expand our customer base.

We intend to begin manufacturing masterbatch by 2019. We do not expect to require a material amount of financing to begin manufacturing this product as we can do so with our existing extruders and other equipment. The financing requirement will mainly consist of working capital to purchase raw materials, pay our employees, and cover other operational costs. Any financing that may be required will be met by internally generated funds.

3.16 Our Drivers of Growth

We believe that the following drivers of growth will support the future development of our business:

(i) We have growth opportunities from the very large plastics market;

(ii) We are expanding our Clark Freeport Factory to grow our business;

(iii) We are entering the US market; and

(iv) We have the ability to develop new products to diversify our revenue streams.

3.16.1 We have Growth Opportunities from the very Large Plastics Market

We operate in a very large plastic industry as indicated by the following sales value of manufactured plastic products in the countries where we have operations:

(i) **Malaysia:** RM29.8 billion in 2017, and CAGR of 13.5% between 2013 and 2017.

(ii) **Philippines:** PHP102.9 billion (RM7.8* billion) billion in 2014, and CAGR of 21.0% between 2010 and 2014 (being the latest available statistics).

** based on PHP100 = RM7.58 as at 30 January 2018*

(Sources: Department of Statistics Malaysia, Philippines Statistics Authority, Bank Negara Malaysia)

Our expansion plan also includes entering the US market, which similarly has a very large manufactured plastic market as follows:

(i) **US:** USD186.4 billion (RM726.9* billion) in 2015, and CAGR of 2.5% between 2012 and 2016 (being the latest available statistics).

** based on USD1 = RM3.90 as at 30 January 2018*

(Source: United Stated Census Bureau, Bank Negara Malaysia)

Our capabilities in manufacturing compounded and non-compounded plastic pellets or powder allow us to serve a wide range of plastic product manufacturers. This large potential addressable market would provide us the platform to grow our business.

3.16.2 We are Expanding our Clark Freeport Factory to Grow our Business

We are expanding our Clark Freeport Factory to increase our manufacturing capacity by installing one (1) new extruder at the Clark Freeport Factory which has commissioned its operation in January 2018.

Our plan to expand our manufacturing capacity will drive our growth by increasing our ability to manufacture compounded plastic powder and related products. The expansion also has the potential to benefit from economies of scale, and consequently improve our efficiency and profitability.

3.16.3 We are Entering the US Market

We plan to set up a warehouse in rented premises in Wisconsin, US as described in Section 3.15.2 of this Information Memorandum. This new facility will provide us with an opportunity to enter the large US market.

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The planned warehouse will allow us to improve our ability to serve an existing customer in the country by physical stocking of compounded plastic powder and other products close to that customer. In addition, it will also give us an opportunity to further enter the US market by securing new customers in the country. The size of the US plastics industry is illustrated by the value of shipments in 2016 for the manufacture of selected plastic products listed in the following table:

Manufacture of Plastic Products	**Value of Shipments in 2016 (USD million)**
Plastic packaging materials (1)	40,591
Plastic pipes and pipe fittings(2)	17,306
Foam products	18,388
Plastic bottles	10,896
Laminated plastics plate, sheet and shape	4,107
Other plastic products	95,262
TOTAL	**186,550**

1. *Includes unlaminated film and sheet manufacturing;*
2. *Includes unlaminated profile shape manufacturing.*

(Source: United States Census Bureau)

Setting up operations in the US and having access to its large market will create an opportunity for us to secure new customers, develop our business and grow our revenue.

3.16.4 We have the Ability to Develop New Products to diversify our Revenue Streams

As described in Section 3.8 of this Information Memorandum, we have an in-house QC and R&D facility at our Port Klang Factory, where we currently carry out our R&D and product development work. Our team of directors collectively possess extensive academic and working knowledge and experience relating to manufacturing compounded plastic powder and rotational moulding.

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These facilities and our technical know-how allow us to expand our product range and addressable markets by developing new types of products, including:

(i) New compounded plastic powder formulations that are customised to meet the specific requirements of existing and prospective customers;

(ii) Masterbatch, including pigment, additive and filler masterbatch;

(iii) Compounded plastic pellets; and

(iv) Compounded plastic powder and pellets that are made from other types of plastic, such as PVC.

Some of Our Colour Samples

We can manufacture these new types of products with our existing manufacturing lines, as the production processes are similar.

Expanding the types of products that we can manufacture will drive growth my allowing us to target new customer groups, and increasing the size of our addressable market.

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4. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

4.1 Shareholdings

The shareholdings of our Promoters, substantial shareholders and directors in our Company before and after our Proposed Listing are as follows:

	Before Proposed Listing				After Proposed Listing			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%(1)	No. of Shares	%(1)
Eddie Koh	33	-	137,466,208	33.00(2)	33	-	137,466,208	29.70(2)
Madam Teoh	137,466,208	33.00	-	-	137,466,208	29.70	-	-
Dr Paul Nugent	52,070,589	12.50	-	-	52,070,589	11.25	-	-
Edward Koh	89,561,297	21.50	-	-	89,561,297	19.35	-	-
Kevin Koh	85,395,655	20.50	-	-	85,395,655	18.45	-	-
Dato' Dzulkifli	-	-	-	-	-	-	-	-
Argel Adarlo	26,035,294	6.25	26,035,294	6.25(3)	26,035,294	5.62	26,035,294	5.62(3)
Geeslin Adarlo	26,035,294	6.25	26,035,294	6.25(4)	26,035,294	5.62	26,035,294	5.62(4)

Notes:

(1) Based on the enlarged issued share capital of 462,854,370 shares after the Proposed Listing.

(2) Deemed interested by virtue of his spouse, Madam Teoh's shareholdings in our Company.

(3) Deemed interested by virtue of his spouse, Geeslin Adarlo's shareholding in our Company.

(4) Deemed interested by virtue of her spouse, Argel Adarlo's shareholding in our Company.

4.2 Profiles of our Promoters, Substantial Shareholders, Directors and Key Management

4.2.1 Promoters and Substantial Shareholders

(i) **Eddie Koh**, a Malaysian citizen aged 61, is our Group's MD and CEO and Promoters of Polymer Link Holdings. He obtained a Bachelor's degree in Modern Studies (Honours) from the University of North London in the UK in 1982.

He started his career at Koh Kim Boon Motors Sdn Bhd from 1982 to 1994 in sales department, where he was involved in the credit and financing services for vehicle owners. He then subsequently worked for Sanko Manufacturer Sdn Bhd, a company involved in manufacturing compounded plastic powder, where he was a director from 1994 to 2000. He subsequently worked for ICO Polymers (Malaysia) Sdn Bhd (now known as A. Schulman Plastics (Malaysia) Sdn Bhd) from 2000 to 2011, holding the position of MD and Business Unit Manager, responsible for sales and business development in the Asia Pacific region. He then worked as a consultant to Revolve Matrix Polymers Malaysia Sdn Bhd from 2012 to 2014. He relinquished this position when he joined Polymer Link in September 2014. He is currently in charge of planning strategic direction for Polymer Link Holdings and overseeing the entire Group. He is also an Independent Director of SKP Resources Berhad.

He is the spouse of Madam Teoh, and the father of Edward Koh and Kevin Koh.

(ii) **Dr Paul Nugent**, a citizen of Northern Ireland aged 54, is the R&D technical director and Promoter of Polymer Link Holdings. He obtained his Masters of Engineering majoring in Aeronautical Engineering with Professional Studies from The Queen's University of Belfast, Northern Ireland in 1987 and a PhD in Manufacturing and Mechanical Engineering, specialising in Rotational Moulding of Plastics from the same university in 1990.

He started his career in 1990 when he was appointed by The Science and Engineering Research Council (SERC), UK, as a research fellow. He also conducted extended research relating to his PhD at the council, earning a R&D post. His R&D post for SERC ended in 1992 and he then joined The Queen's University of Belfast during the same year, where he conducted R&D work and provided consulting services. He was appointed as the Centre Manager of the university's Rotational Moulding Research Centre in 1993.

After leaving The Queen's University of Belfast in 1995, he joined Remcon Plastics, Inc. He was appointed as the Director of Technology to oversee the Manufacturing, Engineering and Quality Control departments. During his time in Remcon Plastics, Inc., he developed a lean manufacturing program for rotational moulding and a closed loop control system for moulding machines in cooperation with Ferry Industries, Inc. He left Remcon Plastics in 2001 and founded MNOP Consulting, Inc. ("**MNOP Consulting**") in 2005, where he is the President of MNOP Consulting, a company that provides training and consulting services to various plastic product manufacturers. Additional information relating to MNOP Consulting is set out in Section 4.4 of this Information Memorandum.

In 2014, Dr Paul Nugent joined Polymer Link and he currently provides us with expert technical advice on manufacturing compounded plastic powder and rotational moulding.

He is named as an inventor in two (2) patents relating to rotational moulding apparatus, which were granted in 1994 and 2000. He is the author of a comprehensive technical reference, "Rotational Molding: A Practical Guide" (2001). He has published approximately fifty (50) articles in academic journals and technical publications and has made academic and technical presentations to industry associations and conferences. He has also lectured and provided consulting services in relation to rotational moulding to companies and professional bodies in Europe, Australia, Asia, Africa, Middle East, South America and North America.

He served as the chairman of the Society of Plastic Engineers RMD from 2005 to 2006 and was a member of the Board of Directors of its Rotational Moulding Division and a number of international professional organisations concerned with plastics engineering and rotational moulding. He is currently a member of the Society of Plastic Engineers and a Contributing Editor for RotoWorld Magazine. He has also received awards from professional bodies, including the Gasper Award and a Silver Medal from the Plastics and Rubber Institute UK in 1990, the Charles Frederick Distinguished Service Award from the Association of Rotational Molders International in 2005 and was inducted into the Rotational Molding Hall of Fame in 2012.

Save as disclosed in Section 4.4 of this Information Memorandum, as at the LPD, he does not hold any directorships in any other company and he does not have any family relationships with any of our Promoters, substantial shareholders, directors and key management.

(iii) **Edward Koh**, a Malaysian citizen aged 31, is the operations director and Promoter of Polymer Link Holdings. He graduated from the Singapore Institute of Management Studies in 2012.

He has approximately eleven (11) years of operations, sales and marketing experience in the plastics industry. His career began with A. Schulman Plastics (Malaysia) Sdn Bhd where he was an assistant manager from 2006 to 2010. He then joined ESE Plastics Pte Ltd as a sales executive from 2011 to 2012. He subsequently worked for Calpeda Malaysia Sdn Bhd as a senior sales executive from 2013 to 2014. He then worked for KSB Malaysia Pumps & Valves Sdn Bhd as a senior sales engineer for several months in 2014 and thereafter joined Polymer Link in late 2014. His current role in Polymer Link Holdings is to oversee the day to day compounded plastic powder manufacturing operations at our Port Klang Factory.

He is a son of Eddie Koh and Madam Teoh and a sibling of Kevin Koh.

(iv) **Kevin Koh**, a Malaysian citizen aged 35, is the technical director and Promoter of Polymer Link Holdings. He graduated from Monash University Malaysia with a Bachelor of Science in Biotechnology in 2010.

His career started in 2009 with A. Schulman Plastics (Malaysia) Sdn Bhd, where he was an R&D and technical associate. He then joined Polymer Plus Technologies L.L.C. in the Kingdom of Saudi Arabia as the general manager in 2011, where he was responsible for managing and planning production activities, as well as overseeing the sales, marketing and finance. He left the company in 2015 to join Polymer Link. His expertise in the technical aspects of the plastics industry involves production, research and development and quality control that have led him to be responsible for these areas of Polymer Link Holdings' business.

He is a son of Eddie Koh and Madam Teoh and a sibling of Edward Koh.

(v) **Madam Teoh,** a Malaysian citizen aged 62, is the Promoter of Polymer Link Holdings. She obtained a Certificate of Book Keeping (Immediate Stage) from the London Chamber of Commerce and Industry ("**LCCI**") in 1975. She then continued her study for the Certificate of Institute of Chartered Secretaries and Administrators under the Institute of Chartered Secretaries and Administrators ("**ICSA**") from University of North London, UK in 1979 but was not able to complete her study due to personal reasons.

She started her career in 1982 as accounts executive overseeing accounts department in Koh Kim Boon Motor Sdn Bhd. She joined Polymer Link in 2014 as an Administrative Executive, assisting Eddie Koh on administrative matters for Polymer Link. She is currently the Administrative Manager for Polymer Link.

She is the spouse of Eddie Koh and mother of Edward Koh and Kevin Koh.

(vi) **Argel Adarlo**, a Philippines citizen aged 35, is the Promoter of Polymer Link Holdings. He obtained his Bachelor of Science degree majoring in Mechanical Engineering from Mapua Institute of Technology in Philippines, in 2007.

His career began in 2007 when he joined S.P. Castro & Associates as a Project Engineer and left the company in 2008. He started working with Outback Philippines in 2008, and as at the LPD, he is the vice president overlooking Outback Philippines' operations.

He does not play an active role in our Group's operations and is not involved in our day to day operations.

He is the spouse of Geeslin Adarlo.

(vii) **Geeslin Adarlo**, a Philippines citizen aged 32, is the Promoter of Polymer Link Holdings. She graduated from St. Paul University Quezon, Philippines in the year 2008 with a Bachelor's degree (Honours) in Accountancy, majoring in Management Accounting.

She started her career with Outback Philippines in 2008 and as at the LPD, she is the company's vice president of the administration and finance departments.

She does not play an active role in our Group's operations and is not involved in our day to day operations.

She is the spouse of Argel Adarlo.

4.2.2 Directors

(i) **Eddie Koh**, further details of his profile are as set out in Section 4.2.1(i) of the Information Memorandum.

(ii) **Dr Paul Nugent**, further details of his profile are as set out in Section 4.2.1(ii) of the Information Memorandum.

(iii) **Edward Koh**, further details of his profile are as set out in Section 4.2.1(iii) of the Information Memorandum.

(iv) **Kevin Koh**, of which further details of his profile are as set out in Section 4.2.1(iv) of the Information Memorandum.

(v) **Dato' Dzulkifli,** a Malaysian citizen aged 62, is the director of Polymer Link Holdings. He obtained a Bachelor Degree in Economics from University of Malaya and Post Graduate Diploma in Public Management from the Institute of Public Administration (INTAN) Malaysia.

He started his career with the Ministry of Trade and Industry ("**MITI**") in 1981. In 1988, he was the Consul and Trade Commissioner of the Consulate of Malaysia (Consulate Section) in Milan, Italy. Subsequently, in 1994, he started his career in Malaysia External Trade Development Corporation ("**MATRADE**") Rotterdam as the Commercial Counselor/Trade Commissioner and continued his career there as the Senior Manager in MATRADE in 2003. He was then appointed as the Director of West Asia, Africa, South Asia and CIS Countries MATRADE in 2005. His career in MATRADE continues as the Senior Trade Commissioner for the Gulf Cooperation Councils based in MATRADE Dubai, United Arab Emirates in 2009 and he was the Senior Director of the Exporters Development Division MATRADE in 2012.

In 2013, he became the Deputy CEO of MATRADE. He was subsequently promoted as the Chief Executive Officer of MATRADE, the National Trade Promotion Agency, under MITI from June 2015 until January 2017. He is currently a Director of Export-Import Bank of Malaysia Berhad ("**Exim Bank**").

He has been actively involved in various committees for the trade and development in relation to the economic advancement for Malaysia. He has also been a speaker in various international seminars and conferences.

Save as disclosed in Section 4.4 of this Information Memorandum, as at the LPD, he does not hold any directorships in any other company and he does not have any family relationships with any of our Promoters, substantial shareholders, directors and key management.

4.2.3 Directors' remuneration

The aggregate remuneration and proposed Directors' remuneration including salaries, fees, allowances and other benefits from Polymer Link Group, are as follows:

Remuneration band	FYE 2017		FYE 2018	
	Executive Directors	Non-Executive Director	Executive Directors	Non-Executive Directors
Less than RM50,000	-	1	-	2
RM50,001 – RM100,000	-	-	-	-
RM100,001 – RM150,000	2	-	2	-
RM150,001 – RM200,000	-	-	-	-
RM200,001 – RM300,000	1	-	1	-

4.2.4 Key management

(i) **Eddie Koh**, further details of his profile are as set out in Section 4.2.1(i) of the Information Memorandum.

(ii) **Edward Koh**, further details of his profile are as set out in Section 4.2.1(iii) of the Information Memorandum.

(iii) **Kevin Koh**, further details of his profile are as set out in Section 4.2.1(iv) of the Information Memorandum.

4.3 Confirmation by our Directors

None of our directors:

(a) are undischarged bankrupts nor presently subjected to any proceeding under bankruptcy laws;

(b) have ever been charged with, convicted of, or compounded for any offence under securities laws, corporations laws or any other laws involving fraud or dishonesty in a court of law;

(c) have ever had any action taken against them for any breach of the listing requirements or rules issued by Bursa Securities, for the past five (5) years; and

(d) have been subjected to any inquiry or investigation by any government or regulatory authority or body for the past five (5) years.

4.4 Involvement of Our Promoters, Substantial Shareholders, Directors and Key Management Personnel in Business/Corporation outside Our Group

Save as disclosed below, our Promoters, substantial shareholders, directors and key management personnel do not have any other principal directorship in other Malaysian corporations or any principal business activities performed outside our Group for the past three (3) years prior to the LPD:

Name	Company	Involvement (Director/ Shareholder)	Principal Activities
Eddie Koh	SKP Resources Berhad	Independent director	Manufacturing of plastic components, precision mould making, advance secondary processes, sub-assembly of electronics equipment and full turn-key contract manufacturing.
Dr Paul Nugent	MNOP Consulting	President and Owner	Providing training and consulting services to various plastic products manufacturers involved in the rotational molding industry worldwide particularly with regards to processes, raw material and additive systems for materials which are highly specialised.

Name	Company	Involvement (Director/ Shareholder)	Principal Activities
Dato' Dzulkifli	Asturi Metal Builders (M) Sdn Bhd	Director	Providing engineering services and fabrication of process equipments using normal steel to special materials.
	Adastra Intellectual Property Sdn Bhd	Director	Providing intellectual property services.
	Mofaz (M) Sdn Bhd	Director	Involved in general trading and insurance services.
	DZM Group Sdn Bhd	Director/ Shareholder	Providing business advisory consulting services for international market, as well as investment and training services.
	DZM Solutions Sdn Bhd	Director/ Shareholder	Providing business advisory services.
	DZH Group Sdn Bhd	Director/ Shareholder	Involved in international trading.
	WCO Aspire Sdn Bhd	Director/ Shareholder	Providing business advisory services as well as company secretarial services.
	Exim Bank	Director	A development financial institution that provides credit facilities to finance and support exports and imports of goods, services and overseas projects with emphasis on non-traditional markets as well as the provision of export credit insurance services, export financing insurance, overseas investments insurance and guarantee facilities.

4.5 Moratorium on Our Shares

In compliance with Rule 3.07 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of 416,564,370 Shares, representing 90.0% of the enlarged issued share capital upon our Proposed Listing.

The Promoters who hold any of our Shares upon our Proposed Listing, directly or indirectly, have fully accepted the moratorium, whereby they will not be permitted to sell, transfer or assign any part of their interest in the Shares during the moratorium period, as follows:

(i) the moratorium applies to the entire shareholdings of our Promoters for a period of twelve (12) months from the date of our admission to the Official List; and

(ii) upon expiry of the twelve (12) months period stated above, the aggregate shareholdings of our Promoters amounting to at least 45% of the total number of issued Shares shall remain under moratorium for a period of another thirty-six (36) months.

In this respect, the moratorium shall be imposed according to the following:

	Shares under Moratorium for the first 12 months upon Listing[(1)]		**Shares under Moratorium for the next 36 months**[(1)]	
	No. of Shares	**%**	**No. of Shares**	**%**
Eddie Koh	33	-[(2)]	17	-[(2)]
Madam Teoh	137,466,208	29.70	68,733,857	14.85
Dr Paul Nugent	52,070,589	11.25	26,035,580	5.63
Edward Koh	89,561,297	19.35	44,781,139	9.67
Kevin Koh	85,395,655	18.45	42,698,295	9.22
Argel Adarlo	26,035,294	5.62	13,017,790	2.81
Geeslin Adarlo	26,035,294	5.62	13,017,790	2.81
Total	**416,564,370**	**90.00**	**208,284,468**	**45.00**

Notes:

(1) Based on our enlarged issued share capital of 462,854,370 Shares upon Proposed Listing.

(2) Negligible.

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5. PARTICULARS OF THE PROPOSED LISTING

5.1 Proposed Listing Scheme

Our Proposed Listing scheme entails the proposed placement of 46,290,000 Shares at an issue price of RM0.12 each, and the proposed listing of our entire 462,854,370 Shares on the LEAP Market.

5.2 Issue Price of the Placement Shares

The issue price of RM0.12 per Placement Share was determined and agreed by us and DWA Advisory, after taking into consideration the following factors:

(i) the implied price-earnings multiple of approximately 11.72 times based on our combined EPS of 1.02 sen for FYE 2016 calculated based on our combined audited PAT of RM4.74 million and our enlarged share capital of 462,854,370 Shares upon Proposed Listing;

(ii) the implied price-earnings multiple of approximately 13.07 times based on our combined EPS of 0.92 sen for FYE 2017 calculated based on our combined audited PAT of RM4.25 million and our enlarged share capital of 462,854,370 Shares upon Proposed Listing;

(iii) Our historical financial track record for FYE2015, FYE2016 and FYE 2017 is as summarised below:

	Audited FYE 2017 RM'000	**Audited FYE 2016 RM'000**	**Audited FYE 2015 RM'000**
Revenue	41,045	35,413	11,833
Gross profit	8,727	7,675	2,494
PAT	4,251	4,739	1,503

(iv) our competitive advantages and key strengths as set out in Section 3.3 of this Information Memorandum; and

(v) our future plans and drivers of growth as further described in Sections 3.15 and 3.16 of this Information Memorandum.

Sophisticated Investors should note that the market price upon our Proposed Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our Shares. You are reminded to carefully consider the risk factors as set out in Section 8 of this Information Memorandum.

5.2.1 Proposed Utilisation of proceeds

Based on the Issue Price, the estimated gross proceeds to be raised from our Proposed Placement of RM5.55 million shall accrue entirely to us, and are planned to be utilised within twelve (12) months from the date of the Proposed Listing in the following manner:

	Utilisation of Proceeds	Estimated Timeframe for Utilisation upon Listing	RM'000	%
(i)	General working capital	Within 12 months	2,855	51.40
(ii)	Payment of shareholders' advances	Within 6 months	1,500	27.00
(iii)	Estimated Proposed Listing expenses	Immediate	1,200	21.60
Total			**5,555**	**100.00**

Further details of the proposed utilisation of proceeds of our Proposed Placement are as set out below:

(i) **Working capital**

Approximately RM2.86 million of the proceeds to be raised from the Proposed Placement has been earmarked to supplement the working capital requirements of our operations in Malaysia and the Philippines. This shall include marketing activities to support our future business expansion strategies, payment to suppliers for the purchase of raw materials, maintenance costs for machinery and equipment, administrative and other operating expenses such as staff related expenses and office overheads.

	General Working Capital	RM'000
(a)	Marketing activities	800
(b)	Purchase of raw materials	1,700
(c)	Maintenance Costs	120
(d)	Administrative and other operating expenses	235
Total		**2,855**

(a) <u>Marketing activities</u>

We intend to allocate approximately RM0.80 million for marketing activities, which include participation in local and international trade fairs, advertising and profiling our products and services as part of our strategies to increase revenue and expand our customer base.

(b) Purchase of raw materials

We intend to allocate approximately RM1.70 million for the purchase of raw materials namely LLDPE, LDPE, MDPE, HDPE and other type of plastic resin for our Port Klang and Clark Freeport factories.

(c) Maintenance Costs

We intend to allocate approximately RM0.12 million for the scheduled maintenance of our extruders and attrition grinding mills and upgrading of auxiliary equipment.

(d) Administrative and other operating expenses

We intend to allocate approximately RM0.24 million for administrative and other operating expenses which include office expenses, rental, utilities and salaries.

(ii) **Payment of Shareholders' advances**

We intend to utilise approximately RM1.50 million of the proceeds to be raised from the Proposed Placement to repay the shareholders' advances. We have relied on the advances made by our shareholders, namely Madam Teoh, Dr Paul Nugent, Argel Adarlo and Geeslin Adarlo to fund the initial start-up of Polymer Link's business operations and to ease the immediate cash flow requirements of our Group. We had utilised the advances to purchase machinery and equipment, which include extruders and attrition grinding mills, purchase raw material, renovation costs as well as deposit and rental payments of our Port Klang Factory, payment of administrative and other operating expenses. The shareholders' advances are non-trade in nature, unsecured and interest free. As at 30 September 2017, the total amount of shareholders' advances of approximately RM3.25 million, were recorded in the accounts of other payables and amount due to directors of approximately RM1.72 million and RM1.54 million respectively. As at the LPD, the amount due to directors of Polymer Link had been fully settled.

(iii) **Estimated Proposed Listing expenses**

We have allocated approximately RM1.20 million of the proceeds to be raised from the Proposed Placement for our Proposed Listing expenses which include professional and placement fees, fees payable to relevant authorities and miscellaneous expenses as detailed out below:

Estimated listing expenses	**RM'000**
Professional and placement fees	1,100
Fees payable to relevant authorities and miscellaneous expenses	100
Total	**1,200**

The amount allocated is based on the estimated expenses for our Proposed Listing. If the actual Proposed Listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements. Conversely, if the actual Proposed Listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital.

Pending the utilisation of proceeds for the abovementioned purposes, the proceeds, will be placed in short term deposits with licensed financial institutions and/or short-term money market instruments and/or used for working capital requirements as our Directors may deem appropriate.

5.2.2 Listing on Bursa Securities

The listing of and quotation for our entire enlarged share capital on the LEAP Market is subject to the following:

(i) approval-in-principle from Bursa Securities for the listing of the Shares; and

(ii) the successful completion of the Proposed Placement.

Thus, we have concurrently made an application to Bursa Securities for the admission of our Company to the Official List and the listing of and quotation for our entire enlarged share capital of RM18,051,733 comprising 462,854,370 Shares on the LEAP Market and are awaiting Bursa Securities' decision on the same.

5.3 Share Capital and Shareholding Structure

5.3.1 Share Capital, Classes of Shares and Ranking

Upon completion of the Proposed Listing, our share capital would be as follows:

	No. of Shares	**Share Capital RM**
Existing issued share capital	416,564,370	12,496,933
New Shares to be issued pursuant to our Proposed Placement	46,290,000	5,554,800
Enlarged issued share capital upon Proposed Listing	**462,854,370**	**18,051,733**

Issue Price per Placement Share (RM)	0.12
Market capitalisation at the Issue Price upon Proposed Listing (RM)	55,542,524

As at the LPD, we have only one (1) class of shares in our Company, being ordinary shares, all of which rank pari-passu with each other. The Shares owned by our Promoters, Directors and substantial shareholders are not entitled to any different voting rights from our Placement Shares. There is no founder, management or deferred Share reserved for issuance for any purpose. The Placement Shares pursuant to the Proposed Placement will, when issued and fully paid for on the terms of this Information Memorandum, rank pari-passu in all respects with our other existing issued and fully paid Shares, including voting rights, liquidation rights, and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

Subject to any special rights attached to any shares which we may issue in the future, the holders of our Shares shall, in proportion to the amount of Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and in respect of surplus in the event of our liquidation, in accordance with our Constitution.

At any of our general meetings, any resolution put to the vote of the meeting shall be decided on a poll. Every person who is a shareholder (other than Bursa Depository or its nominees) is entitled to attend and vote thereat or a duly authorized representative or proxy or attorney of such shareholder shall have one (1) vote for each Share held.

5.3.2 Shareholding Structure

Our shareholdings structure before and after our Proposed Listing are as set out below:

	Before Proposed Listing		**After Proposed Listing**	
Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Promoters and substantial shareholders	416,564,370	100.00	416,564,370	90.00
New Public shareholders	-	-	46,290,000	10.00
Total	**416,564,370**	**100.00**	**462,854,370**	**100.00**

5.3.3 Purpose of Our Listing

The purpose of our Proposed Listing is to:

(i) enable our Group to gain recognition and enhance the stature of our Group locally and internationally, with a listing status and further augment our corporate reputation which, amongst others enhance our Group's ability to retain and attract new and skilled employees;

(ii) further enhance the financial position of our Group and to enable us to gain access to the capital markets to raise funds for our future general working capital requirements, future expansion, diversification and overall continued growth of our Group;

(iii) act as an initial step for an eventual transfer of listing to the other markets of Bursa Securities; and

(iv) provide opportunity for Sophisticated Investors to participate in our equity and continuing growth.

5.3.4 Undertakings in Relation to the Proposed Placement

The undertakings in relation to the Proposed Placement are as follows:

(i) we undertake to open a trust account with a financial institution licensed by Bank Negara Malaysia ("**Trust Account**") in accordance with Rule 3.10 of the Listing Requirements, where all monies received from the sophisticated investors pursuant to subscription of our shares will be deposited into the Trust Account jointly operated by both our Company and DWA Advisory;

(ii) both DWA Advisory and ourselves undertake that all monies deposited in the Trust Account will not be withdrawn until the date of our Proposed Listing; and

(iii) we undertake to repay without interest all monies received from the sophisticated investors if:

   (a) our Proposed Listing does not take place within six (6) months from the date of Bursa Securities' approval for our Proposed Listing or such further extension of time as Bursa Securities may allow ("**Period**"); or

   (b) we abort our Proposed Listing.

   In such event, the monies will be repaid within fourteen (14) days from the end of the Period or the date when we notify Bursa Securities of our decision to abort our Proposed Listing. Should we fail to do so, in addition to our Company's liability, our Board shall be jointly and severally liable to repay such money with interest at the rate of 10% per annum from the end of the period or such other rate as Bursa Securities may prescribe until full refund is made.

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6. FINANCIAL INFORMATION

The combined financial statements deal solely with the financial statements of Polymer Link and Polymer Link Philippines for FYE 2015, FYE 2016 and FYE 2017. The financial statements of Polymer Link Holdings have not been presented in these combined financial statements, as it is not meaningful since our Company only exists to facilitate the Proposed Listing, and it remains dormant as at the date of the Auditors' reports. The assets, liabilities, income and expenses of Polymer Link Holdings for FYE 2015, FYE 2016 and FYE 2017 are insignificant.

It should be noted that the financial information for FYE 2015 comprise the financial statements of Polymer Link only which reflects its financial performance of approximately nine (9) months since commencement of its commercial productions. The financial information for FYE 2016 and FYE 2017 include the financial statements of Polymer Link Philippines, which was incorporated in April 2016 and generated its first (1st) invoice in April 2017.

The combined financial statements for FYE 2016 and FYE 2017 have been audited by Grant Thornton Malaysia and are attached in Appendix I and Appendix II of this Information Memorandum, respectively.

The summary of the combined financial statements should be read in conjunction with the "Management Discussion and Analysis" as set out in Section 6.4 of this Information Memorandum. The selected historical financial information included in this Information Memorandum does not purport to predict our Group's results, financial position and cash flows.

6.1 Historical Combined Statements of Profit or Loss and Other Comprehensive Income

The table below sets out the summary of the combined audited statements of profit or loss and other comprehensive income of our Group for FYE 2015, FYE 2016 and FYE 2017.

	Audited FYE 2015 RM'000	**Audited FYE 2016 RM'000**	**Audited FYE 2017 RM'000**
Revenue	11,833	35,413	41,045
Cost of sales	(9,339)	(27,738)	(32,318)
Gross profit	2,494	7,675	8,727
Other income	146	89	112
Administration expenses	(741)	(1,137)	(2,271)
Distribution expenses	(8)	(24)	(16)
Other expenses	(101)	(56)	(653)
Finance costs	(2)	(13)	(64)
PBT	1,788	6,534	5,835
Tax expense	(285)	(1,795)	(1,584)
PAT	1,503	4,739	4,251
Other comprehensive income *(1)*	–	2	18
Total comprehensive income	**1,503**	**4,741**	**4,269**

	Audited FYE 2015 RM'000	Audited FYE 2016 RM'000	Audited FYE 2017 RM'000
GP Margin (%)	21.08	21.67	21.26
PBT Margin (%)	15.11	18.45	14.22
PAT Margin (%)	12.70	13.38	10.36
Effective tax rate (%)	15.94	27.47	27.15
EPS (sen) *(2)*	0.36	1.14	1.02

Notes:

(1) Items that will subsequently be reclassified to profit or loss – foreign currency translation differences.

(2) Calculated based on our PAT divided by our share capital of 416,564,370 before the Proposed Listing.

6.2 Combined Statements of Financial Position

The table below sets out the summary of the combined audited statements of financial position of our Group as at 30 September 2015, 30 September 2016 and 30 September 2017.

	Audited As at 30 September 2015 RM'000	Audited As at 30 September 2016 RM'000	Audited As at 30 September 2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	2,542	6,687	9,636
Current assets			
Inventories *(1)*	1,682	2,939	5,204
Trade receivables	31	356	766
Other receivables *(2)*	4,464	4,974	717
Amount due from a Director	–	7	–
Fixed deposit with a licensed bank	–	–	653
Cash and bank balances	195	535	1,815
Total current assets	**6,372**	**8,811**	**9,155**
Total assets	**8,914**	**15,498**	**18,791**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	508	508
Foreign currency translation reserve	–	2	19
Retained earnings	1,494	6,232	10,484
Total equity	**1,504**	**6,742**	**11,011**

	Audited As at 30 September 2015 RM'000	Audited As at 30 September 2016 RM'000	Audited As at 30 September 2017 RM'000
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	33	333	354
Deferred tax liabilities	–	300	247
Total non-current liabilities	**33**	**633**	**601**
Current liabilities			
Trade payables	2,653	2,038	1,509
Other payables[(3)]	2,476	3,645	3,417
Amount due to directors[(4)]	1,952	1,653	1,538
Finance lease liabilities	11	177	362
Tax payable	285	610	353
Total current liabilities	**7,377**	**8,123**	**7,179**
Total liabilities	**7,410**	**8,756**	**7,780**
Total equity and liabilities	**8,914**	**15,498**	**18,791**
NA per Share (sen) [(5)]	0.36	1.62	2.64
Gearing ratio (times)	0.03	0.08	0.07

Notes:

(1) Inventories mainly comprise raw materials, finished goods and packing materials. Increase in inventories as at 30 September 2017 is mainly due to the increase in finished goods that are awaiting for shipment to Outback Philippines and other customers.

(2) Other receivables mainly comprise advance payments to raw materials supplier, rental and utilities deposits, good and services tax claimable and prepayments. Included in other receivables as at 30 September 2015 and 30 September 2016, were advance cash payments of RM3.85 million and RM2.07 million respectively made to Lotte for the delivery of the raw materials purchased from Lotte and RM1.49 million deposit paid to Reduction Engineering Scheer Inc. as at 30 September 2016 for the purchase of machinery.

(3) Other payables mainly comprise advances made by certain shareholders to fund the initial business start-up as highlighted in section 5.2.1(ii) of the Information Memorandum and accruals.

(4) Amount due to directors mainly comprises the advance made by a director to fund the initial business start-up as highlighted in section 5.2.1(ii) of the Information Memorandum.

(5) Calculated based on our total equity divided by our share capital of 416,564,370 before the Proposed Listing.

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6.3 Combined Statements of Cash Flows

The table below sets out the summary of the combined audited statement of cash flows of our Group for FYE 2015. FYE 2016 and FYE 2017.

	Audited FYE 2015 RM'000	Audited FYE 2016 RM'000	Audited FYE 2017 RM'000
OPERATING ACTIVITIES			
Profit before tax	1,788	6,535	5,835
Adjustments for:			
Depreciation	284	553	857
Gain on disposal of property, plant and equipment	-	-	(5)
Interest expense	2	13	64
Interest income	*	(1)	(9)
Unrealised loss on foreign exchange	101	43	574
Operating profit before working capital changes	2,175	7,143	7,316
Changes in working capital:			
Inventories	(1,682)	(1,257)	(2,370)
Receivables	(4,495)	(836)	3,950
Payables	5,024	538	(1,105)
Directors	1,947	(306)	(108)
Cash generated from operations	2,969	5,282	7,683
Interest paid	(2)	(13)	(64)
Tax paid	–	(1,170)	(1,891)
Net cash from operating activities	2,967	4,099	5,728
INVESTING ACTIVITIES			
Interest received	*	1	9
Placement of fixed deposit with a licensed bank	-	-	(653)
Purchase of property, plant and equipment	(2,771)	(4,195)	(3,510)
Disposal of property, plant and equipment	-	-	33
Net cash used in investing activities	(2,771)	(4,194)	(4,121)
FINANCING ACTIVITIES			
Repayment of finance lease liabilities	(11)	(60)	(319)
Proceeds from issuance of ordinary shares	9	498	-
Net cash from/(used in) financing activities	(2)	438	(319)

	Audited FYE 2015 RM'000	Audited FYE 2016 RM'000	Audited FYE 2017 RM'000
CASH AND CASH EQUIVALENTS			
Net increase	194	343	1,288
Brought forward	1	195	535
Effect of foreign currency translation differences on cash and cash equivalents	–	(3)	(8)
Carried forward	195	535	1,815

Note:

* *Less than RM500*

6.4 Management Discussion and Analysis

The following management discussion and analysis of our business, financial conditions and results of operations for the past three (3) FYE 2015, FYE 2016 and FYE 2017 should be read in conjunction with our combined financial statements as set out in Sections 6.1, 6.2 and 6.3 of the Information Memorandum.

The management discussion and analysis also contain forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ considerably from those projected in the forward-looking statements include, but are not limited to, those discussed below or elsewhere in this Information Memorandum, particularly the risk factors as set out in Section 8 of this Information Memorandum.

6.4.1 Overview of operations

We are principally involved in manufacturing compounded plastic powder, which is mainly used as raw material in rotational moulding and coating. We also manufacture non-compounded plastic powder. In general, our customer group for this segment would be plastic product manufacturers that use rotational moulding method to manufacture plastic products such as insulated boxes, bins, water tanks, kayaks, playground equipment and other similar products.

Our core subsidiary, namely Polymer Link, had commenced commercial productions in December 2014 from the Port Klang Factory with the then manufacturing set-up comprising of one (1) extruder and two (2) attrition grinding mills. We had subsequently expanded our manufacturing capacity with Clark Freeport Factory via our other subsidiary, namely Polymer Link Philippines which began commercial production in April 2017. As at the LPD, we have in total five (5) extruders and five (5) attrition grinding mills.

Geographically, at present, we mainly supply to the Philippines and Malaysian markets. For FYE 2015, FYE 2016 and FYE 2017, we derived 88.02%, 93.64% and 90.62% respectively of our revenue from Outback Philippines. We supplied compounded plastic powder to Outback Philippines, a company which is principally involved in manufacturing plastic products, including insulated boxes for a US-based brand owner on an OEM basis, using the rotational moulding method.

We have been able to continuously secure repeat manufacturing contracts/orders from Outback Philippines, due to our strategic long term relationship with them, our ability to meet their stringent requirements in terms of meeting delivery schedules, the high quality standard and the product range (i.e. colour and sizes), and our continued engagement with Outback Philippines and its end customer on on-going product development. In view of the intricacy and complex requirements in meeting the specifications of the end products, the barrier to entry for new players to penetrate this specific activities is high and whilst it may be possible, it is unlikely for buyers to switch procuring its raw material(s) from other industry players, as this may disrupt their productions and involves a lengthy period of time just to achieve similar quality standards of products supplied.

6.4.2 Revenue

Our Group's revenue for the financial years under review was mainly derived from the following:

(i) manufacturing compounded plastic powder. Compounded plastic is plastic resin that has been blended with masterbatch and additives, and melted to fuse them into a uniform material. This melted material is extruded, cooled and cut into pellets. We then grind the pellets into compounded plastic powder in accordance with our customers' specifications; and

(ii) manufacturing non-compounded plastic powder where plastic resin pellets, that have not been blended and melted with masterbatch and additives, are ground into powder of the required size range in accordance with our customers' specifications.

We manufacture compounded and non-compounded plastic powders for our customer based on both the tolling and non-tolling basis, as follows:

(i) under the tolling basis, all of the raw materials used are provided to us by the customer. The invoice value excludes raw materials costs where they are being supplied by the customer, but includes manufacturing process, labour, transportation and other relevant costs; and

(ii) under the non-tolling basis, all of the raw materials used are provided by us. The invoice value includes the cost of raw materials, and manufacturing process, labour, transportation and other relevant costs.

We also provide other services, including supplying plastic materials to customers for product development and enhancement.

No products and services segment information is presented as the subsidiaries of the Polymer Link Holdings are viewed as a single reportable segment.

The following table sets out the breakdown of our Group's revenue by companies and by markets for the respective FYEs:

(a) Revenue by companies

	FYE 2015		**FYE 2016**		**FYE 2017**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Polymer Link	11,833	100.00	35,413	100.00	34,981	85.23
Polymer Link Philippines	-	-	-	-	6,064	14.77
	11,833	**100.00**	**35,413**	**100.00**	**41,045**	**100.00**

Our revenue for FYE 2015, FYE 2016 and FYE 2017 was mainly contributed by Polymer Link. Our other subsidiary namely Polymer Link Philippines which only commenced production in April 2017, contributed approximately 14.77% to our Group's revenue for FYE 2017.

(b) Revenue by markets

	FYE 2015		**FYE 2016**		**FYE 2017**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Philippines	10,416	88.02	33,161	93.64	37,195	90.62
Malaysia	1,417	11.98	2,173	6.14	2,799	6.82
Others	-	-	79	0.22	1,051	2.56
	11,833	**100.00**	**35,413**	**100.00**	**41,045**	**100.00**

Our largest market is the Philippines, where we supplied compounded plastic powder to Outback Philippines. This is followed by the local market, where we mainly sold our products to plastic manufacturers that produce electronic parts, PE water tanks, roto moulders and coating services providers. We are in the process of expanding to Asia Pacific, China etc., as detailed out in Section 3.15.1 of this Information Memorandum.

We achieved revenue of RM11.83 million for FYE 2015. During the initial start-up period, our production was mainly focused on the research and development in producing the right formulations and working closely with our customers to understand their specific needs, complying with their quality requirements and fulfilling their delivery schedules. Our Group's revenue has increased significantly by RM23.58 million or 199.32% to RM35.41 million for FYE 2016. The increase was mainly due to the shorter production period of nine (9) months for FYE 2015 as well as increase in the total revenue received from Outback Philippines, from RM10.42 million to RM33.16 million. A further increase of our Group's total revenue of RM5.64 million or 15.90% to RM41.05 million was recorded for FYE 2017.

We expect Outback Philippines to continue our key relationship during the next few years. On 6 December 2017, we had entered into a three (3) years Supply Agreement with Outback Philippines, whereby we have agreed to exclusively supply and sell to Outback Philippines, and Outback Philippines agrees to exclusively purchase from us, the specific compounded plastic powder for the production of its insulated boxes.

We have also increased our total revenue to customers other than Outback Philippines from RM1.42 million for FYE 2015 to RM2.25 million and RM3.85 million for FYE 2016 and FYE 2017, respectively. We expect further increase in sales to these customers moving forward. This is in view of the expansion of our manufacturing capacity where we can accept and deliver more sales orders, aggressiveness of our marketing activities and increase in the total number of our customers' base.

6.4.3 Cost of Sales

Our cost of sales primarily consists:

(a) Cost of plastic resin such as LLDPE, LDPE, MDPE and HDPE, masterbatch, additives and packing material;

(b) Factory overhead, including rental, utilities, tools and supplies, workers welfare, insurance, freight and delivery costs;

(c) Labour costs which comprise wages and bonus;

(d) Depreciation, repair and maintenance of property, plant and equipment used in the production process; and

(e) Net changes in inventories, which represents the difference between the value of inventory at the beginning of the year and the value of inventory at the end of the year or period.

The following table sets out the breakdown of our Group's cost of sales for the respective FYEs:

	FYE 2015		FYE 2016		FYE 2017	
	RM'000	%	RM'000	%	RM'000	%
Plastic resin and other materials	9,289	99.47	25,150	90.67	27,778	85.95
Factory overhead	1,240	13.28	2,748	9.91	2,812	8.70
Labour costs	190	2.03	503	1.81	697	2.16
Depreciation, repair and maintenance	302	3.23	594	2.14	998	3.09
Net changes in inventories	(1,682)	(18.01)	(1,257)	(4.53)	33	0.10
Total	**9,339**	**100.00**	**27,738**	**100.00**	**32,318**	**100.00**

Our Group's cost of sales increased by 197.01% from RM9.34 million for FYE 2015 to RM27.74 million for FYE 2016. A further increase for our Group's cost of sales is recorded with a total of RM32.32 million for FYE 2017. The increase in the cost of sales was in line with the increase in our revenue during period under review. The plastic resin and other materials are the largest cost component of our cost of sales.

6.4.4 GP and GP Margin

The GP is derived from our total Group's revenue less cost of sales.

(a) GP by companies

The table below sets out the breakdown of our Group's gross profit by companies for the respective FYEs:

	FYE 2015		FYE 2016		FYE 2017	
	RM'000	%	RM'000	%	RM'000	%
Polymer Link	2,494	100.00	7,675	100.00	8,166	93.57
Polymer Link Philippines	-	-	-	-	561	6.43
Total	**2,494**	**100.00**	**7,675**	**100.00**	**8,727**	**100.00**
GP Margin						
Polymer Link		21.08		21.67		23.34
Polymer Link Philippines		-		-		9.25
Polymer Link Group		21.08		21.67		21.26

The GP of our Group has increased significantly by 208.43% or RM5.19 million, from RM2.49 million for FYE 2015 to RM7.68 million for FYE 2016. The GP for our Group had also increased by approximately 13.71% or RM1.05 million from RM7.68 million for FYE 2016 to RM8.73 million for FYE 2017. The increase in our GP was in line with the increase in our revenue.

The GP Margin has increased marginally from 21.08% for FYE 2015 to 21.67% for FYE 2016. The improvement in our GP Margin is due to economies of scale arising from the increase in our production volume. However, there is a slight decrease in the GP Margin of 21.26% for FYE 2017, from 21.67% for FYE 2016, which is mainly due to the lower GP Margin recorded for Polymer Link Philippines, which only commenced production in April 2017.

(b) GP by market

The segmental analysis of GP by market was not prepared because the accounting records kept by our management for respective FYEs under review do not segregate cost of sales on the basis of geographical location.

6.4.5 Administration expenses

The following table sets out the breakdown of our Group's administrative expenses for the respective FYEs:

	FYE 2015		**FYE 2016**		**FYE 2017**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Directors remuneration, staff salaries	557	75.17	717	63.06	877	38.62
Professional fees	51	6.88	18	1.58	657	28.93
Office expenses	31	4.18	156	13.72	348	15.32
Travelling and entertainment	18	2.43	15	1.32	44	1.94
Amortisation and depreciation	20	2.70	79	6.95	102	4.49
Rental and utilities	57	7.69	138	12.14	227	10.00
Others	7	0.95	14	1.23	16	0.70
Total	**741**	**100.00**	**1,137**	**100.00**	**2,271**	**100.00**

Our administrative charges are mainly fixed in nature and consist of items such as depreciation charges, directors' remuneration, staff costs such as salaries, bonuses, statutory contribution, allowances and overtime charge.

Our administrative expenses increased by 54.05% or RM0.40 million, from RM0.74 million for FYE 2015 to RM1.14 million for FYE 2016, due to shorter commercial operation period of nine (9) months for FYE 2015. A higher administrative expenses were recorded for FYE 2017 as compared to the entire FYE 2016 mainly due to professional fees in relation to the Proposed Listing and increase in office expenses.

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6.4.6 PAT/(LAT) and PAT/(LAT) Margin

The following table sets out the breakdown of our Group's PAT and PAT margin by companies and market for the respective FYEs:

(a) PAT/(LAT) by companies

	FYE 2015		FYE 2016		FYE 2017	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Polymer Link	1,503	100.00	4,898	103.35	4,573	107.57
Polymer Link Philippines	-	-	(159)	(3.35)	(322)	(7.57)
	1,503	**100.00**	**4,739**	**100.00**	**4,251**	**100.00**

	FYE 2015	FYE 2016	FYE 2017
<u>PAT/(LAT) Margin</u>			
Polymer Link	12.70	13.83	13.07
Polymer Link Philippines	-	*	(5.31)
Polymer Link Group	12.70	13.38	10.36

Note:

* *There was no LAT Margin as Polymer Link Philippines did not record any sales for FYE 2016*

Our Group's PAT has increased by 216.00% or RM3.24 million, from RM1.50 million for FYE 2015 to RM4.74 million for FYE 2016. The increase in PAT was mainly due to the higher revenue and GP recorded during period under review arising from our business growth. Our Group's PAT has decreased by 10.30% or RM0.49 million from RM4.74 million for FYE 2016 to RM4.25 million for FYE 2017. This is mainly due to the increase in administrative expenses as explained in Section 6.4.5 of the Information Memorandum and LAT of RM0.32 million recorded by Polymer Link Philippines, which was due to the revenue recorded for FYE 2017 was only for six (6) months period.

PAT margin for our Group improved from 12.70% for FYE 2015 to 13.38% for FYE 2016 as a result of economies of scale from higher production volume. For FYE 2017, our Group recorded a decline in the PAT margin of 10.36% for FYE 2017 as compared to FYE 2016 due to the increase in the administrative expenses.

(b) PAT by market

The segmental analysis of PAT by market was not prepared because the accounting records kept by our management for respective FYEs under review do not segregate cost and expenses on the basis of geographical location.

6.4.7 Recent developments

There were no significant events subsequent to our Group's audited combined financial statements for FYE 2017.

6.4.8 Significant Factors Affecting Our Financial Position and Results of Operations

Our financial position and results of operations have been and will continue to be affected by, amongst others, the following factors which may not be within our control:

(i) Commodity price risk

One (1) of the main factors which may affect our revenue is the unit selling price of our products. Unit selling prices can be affected to a large extent by the prices of plastic resins, which largely comprises PE, the principal raw materials for our products. Since plastic resins are generally a by-product of crude oil and natural gas, fluctuating global crude oil and gas prices will, in turn, have a major impact on the prices of plastic resins. The supply and demand for plastic resins can also have a significant impact on its prices. However, our profitability is peg at a fixed amount and not as a percentage with our major customer, irrespective of the volatility of material price fluctuation. The only effect to our profitability comes from the increase/or decrease in sales volume.

(ii) General economic or political conditions of countries in which we operate

A significant part of our current business is mainly linked to the Philippines. Hence, our ability to secure potential new clients is dependent on the general economic conditions or political conditions of the countries in which we operate. In particular, the regulatory conditions and policy in the Philippines will affect the development of our business and our financial performance in the future.

(iii) Ability to enhance or maintain quality of our products and services to meet clients' expectations

We need to constantly enhance or maintain the quality, specifications and manufacturing capability of our products and services to meet our clients' expectations. Our future revenue is dependent on clients' acceptance of our products and services, our ability to meet their specifications and requirements and continuous improvement of our R&D and product development to increase our portfolio of products.

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(iv) Tax incentive

One (1) of our subsidiaries, Polymer Link Philippines, has been issued with a Permit-to-Operate as a Clark Freeport Enterprise as the producer and supplier of plastic compounds and powders for use in rotational moulding and other plastics processes from CDC, which entitles Polymer Link Philippines to enjoy a certain incentives for tax exemption and duty-free importation for a period of three (3) years from 21 November 2016 until 20 November 2019, as further detailed out in Section 10.5.2 of this Information Memorandum.

6.4.9 Impact of Foreign Currency Exchange Rates

Our profitability may be impacted by the fluctuation of foreign currency against the RM, being the Philippines as our largest market accounting for 90.62% of our total revenue for FYE 2017. Hence, we may be exposed to foreign currency exchange risks as significant part of our sales are transacted in foreign currencies, namely the US Dollar and expenses of our Polymer Link Philippines are denominated in PHP. Any significant change in foreign exchange rates may affect our financial results. Again, the fluctuation of currency is further cushion off due to “natural hedging” as we purchase most of our materials in USD and our transactions with our core customer is also in USD currency.

6.5 Dividend Policy

We currently do not have a fixed dividend policy. Upon Proposed Listing, our Board intends to adopt a stable and sustainable dividend policy to reward our shareholders for participating in our Group’s growth, while maintaining an optimal capital structure and ensuring sufficient funds for our future growth. In this regard, we envisage a dividend payout ratio of up to 50% of our future net profits to our shareholders in each financial year, subject to the solvency test under the Act and an acceptable pool of funds for working capital at subsidiary level, the amount of which to be agreed by our Board.

The declaration and payment of dividends will be determined at the sole discretion of our Board. In making their decisions, our Board will consider, amongst other things, our retained earnings, expected future earnings, operations, cash flow, capital requirements, general business and financing conditions, as well as other factors which our Board may determine appropriate subject to the solvency test under the Act. Any declaration of final dividend by our Board is subject to the approval of our shareholders at a general meeting.

However, you should take note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) in our Board’s absolute discretion.

7. INDEPENDENT MARKET RESEARCH REPORT

VITAL FACTOR CONSULTING
Creating Winning Business Solutions

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28 February 2018

The Board of Directors
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Dear Sirs

Independent Assessment of the Plastics Industry focusing on the Manufacture of Compounded Plastic Powder

We have attached a report on the above prepared for inclusion in the Information Memorandum of Polymer Link Holdings Berhad in relation to its proposed initial public offering on the LEAP Market of Bursa Malaysia Securities Berhad.

We have prepared this report in an independent and objective manner and have taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is of the overall industry and may not necessarily reflect the individual performance of any individual company. We do not take any responsibilities for the decisions or actions of the readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Our report includes assessments, opinions and forward-looking statements that are subject to uncertainties and contingencies. While such statements are made based on, among others, secondary statistics and information, primary market research, and after careful analysis of data and information, the industry is subjected to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results. In light of these and other uncertainties, the inclusion of assessments, opinions and forward-looking statements in this report should not be regarded as a representation or warranty that our assessment is justifiable. We therefor advise investors not to place undue reliance on such statements and, where relevant, to seek further expert advice.

Yours sincerely

Wooi Tan
Managing Director

INDEPENDENT ASSESSMENT OF THE PLASTICS INDUSTRY FOCUSING ON THE MANUFACTURE OF COMPOUNDED PLASTIC POWDER

1 BACKGROUND

- Polymer Link Holdings Berhad and its subsidiaries (herein, individually or collectively, will be referred to as Polymer Link Group or the Group) is primarily a manufacturer of compounded plastic powder. The Group also manufactures non-compounded plastic powder. Polymer Link Group has operations in Malaysia and the Philippines, where the majority of its production is undertaken in Malaysia. The plastic products that are manufactured using the compounded plastic powder are mainly sold in the United States of America (US).

- Therefore, this report will focus on the compounded plastic powder manufacturing segment of the plastics industry in Malaysia, and to some extent the Philippines and the US.

2 INTRODUCTION TO PLASTICS

2.1 Overview

- Plastics are one of the most versatile materials in use today, and are found in a vast variety of consumer and industrial products. They are generally resistant to corrosion and chemical reactions, are relatively strong and durable, and are inexpensive. Plastics are suitable for mass production as they can be melted and used in, among others, mould-based manufacturing processes such as injection, blow and rotational moulding.

- Plastic resin can be produced naturally through extraction from plant and animal products, or synthetically by the petrochemical industry using raw materials derived from crude oil or natural gas. Synthetic plastic resins are more widely used, hence the processes discussed in this document refers to synthetic plastic resins.

2.2 Types of Plastic

- The plastics industry can be categorised in many ways. As this Information Memorandum focuses on the plastic manufacturing processes of where heat is applied, the two major classifications of plastics are thermoplastics and thermosetting plastics that are distinguished mainly by how they react when exposed to heat.

- Thermoplastic resins typically come in pellet form. When heat is applied and the temperature exceeds the thermoplastic's melting point, the material melts into a semi-solid or liquid form. This state makes it suitable for plastic moulding processes. Subsequently, as the heat source is removed and it cools to below the melting point, the plastic solidifies and becomes hard and rigid. This melting and solidifying can be repeated a limited number of times. As such, it is possible to recycle thermoplastics considering they can be melted and reshaped into new products.

- The initial state of thermosetting plastics is typically a soft solid, pellet or a viscous liquid form. It will only harden or cure with the application of a specific curing agent, which can be in the form of heat, radiation or a chemical agent. This hardening process is irreversible, and the plastic product takes on the moulded shape. Thermosetting plastics are much harder to recycle as they cannot be liquefied for re-shaping.

- The plastics industry also classifies plastics as either commodity plastics or engineering plastics:
  - **Commodity plastics** are generally characterised as having lower physical properties, but are cheaper. They are commonly used in consumer products that are manufactured in high volume.
  - **Engineered plastics** generally have better mechanical and thermal properties and durability, which allows them to be used as substitutes for wood and metal. They are, however, generally more expensive. Engineered plastic resins are normally thermoplastic resins.

- In general, thermoplastics are more widely used due to their more flexible properties, which are desirable in manufacturing many types of plastic products. Some examples of major plastic types can be seen in the following table:

Common Types of Plastics

Commodity Plastics		Engineering Plastics
Thermoset Plastics	Thermoplastics	
Epoxy	Polypropylene (PP)	Polycarbonate (PC)
Polyurethane (PU)	Polyethylene (PE)	Nylon
Phenolic	Polystyrene (PS)	Polyacetal (PA)
Urea and Melamine	Polyvinyl Chloride (PVC)	Fluoropolymers
	Polyethylene Terephthalate (PET)	Acrylonitrile-Butadiene-Terephthalate (ABT)

2.3 Plastic Product Manufacturing Methods

- Many of the methods used to manufacture plastic products involve moulding liquid or soft plastic in a mould, and then cooling or curing the plastic so that it solidifies and takes on the shape of the mould.

- Some of the common methods of manufacturing plastic products include:
  - **Rotational moulding***
  - Injection moulding
  - Blow moulding
  - Calendering
  - Thermoforming
  - Extrusion
  - Casting
  - Foaming

  ** The compounded plastic powder manufactured by Polymer Link Group is commonly used by plastic product manufacturers that use rotational moulding method.*

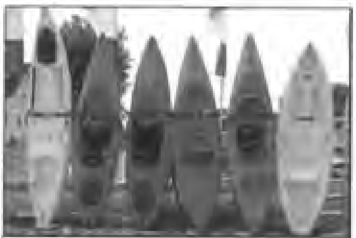
- **Rotational moulding** refers to the method of manufacturing hollow plastic products where plastic powder, micro-pellets or liquid plastics is heated and melted in a sealed hollow mould, which is rotated to evenly spread the melted plastic onto the mould's interior surface. The plastic solidifies into its final shape when it and the mould cools, creating the product. PE is the most used plastic type for the rotational moulding process due to its excellent properties of powder flow, melt flow and thermal stability that is ideal for this manufacturing process.

- Examples of common plastic products that are manufactured using the rotational moulding method include:


Playground Equipment


Cooler Boxes

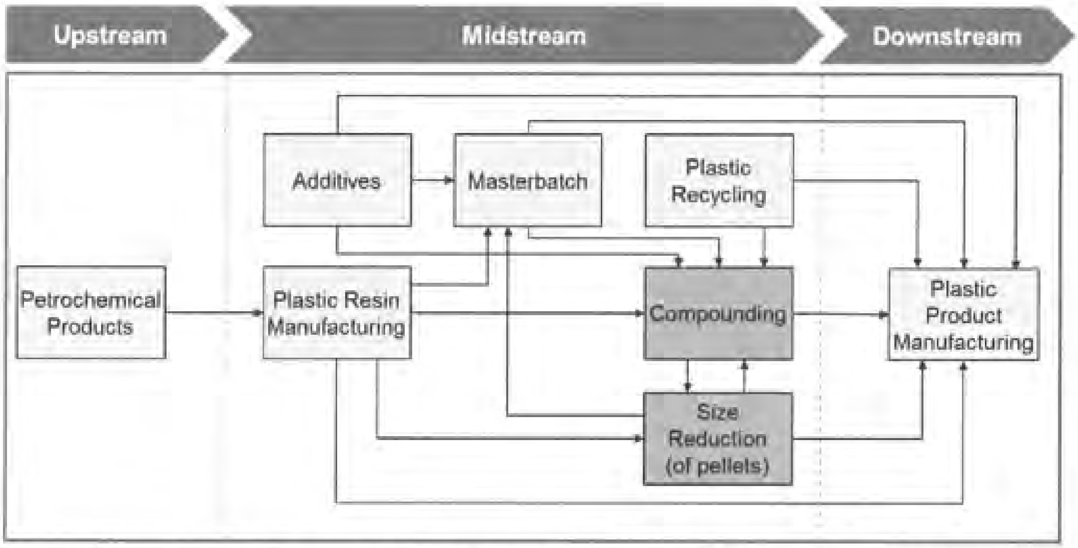

Storage Tanks


Kayaks

3 INDUSTRY STRUCTURE

- The various operators in the plastics industry may be categorised in a number of upstream, midstream and downstream segments. There is a certain degree of flexibility in how products flow from one segment to another, as it is often possible for operators in one segment to handle some of the functions that are commonly carried out by other segments. For example, a plastic product manufacturer has the option of carrying out plastic compounding internally, or purchase compounded plastic from an external party.

- The structure of the plastics industry is illustrated in the following diagram:



Polymer Link Berhad is involved in plastic compounding as well as size reduction processes for converting extruded plastic pellets into powder form.

Upstream

- Petrochemical products are the main feedstock for plastic resins. They start off as crude oil and natural gas that is extracted from underground reserves, which are refined to produce petroleum products. These products are further processed to produce petrochemicals, which are the feedstock for plastic monomers, the starting block to become polymers.

Midstream

- The basic building blocks for plastic resin are plastic monomers, which are produced through a series of chemical reactions involving petrochemicals and other elements. Additional chemical reactions take place so that the plastic monomers are linked together to form a chain. A chain that is made up of only one type of monomer is known as a polymer, while a chain that is made up of two of more types of monomers is known as a co-polymer. The types of monomers used and the conditions under which they link together can influence parameters such as average chain length, the prevalence and length of side-branches and cross-linking among different chains. This, in turn, has an effect on the physical properties of the plastic resin, such as its mechanical strength, impact resistance and flexibility.

- Additives are chemicals which modify a plastic material's properties. Examples of commonly used additives are plasticisers, colour pigments, fillers, impact modifiers, anti-oxidants and lubricants. They are supplied to masterbatch manufacturers, compounders and plastic product manufacturers. These users will have to measure the appropriate additive dosage based on the quantity of plastic resin used in each production run, and do so for each type of additive added.

- Masterbatch can be described as concentrated additives, and may contain more than one type of additive at the same time. The additives are blended and fused with plastic resin or wax. Masterbatch is commonly supplied to compounders and plastic product manufacturers. As the type and concentration of additives in the masterbatch are known, the user only has to measure the appropriate dosage for the production run once, based on the quantity of plastic resin used. This can help to improve consistency between different production runs.

- Plastic compounding involves blending and melting together plastic resin, masterbatch and additives to produce plastic material with the desired performance characteristics. Compounded plastic is most commonly supplied in pellet form, although micro-pellets, dispersions and viscous liquids are also available. In general plastic compounders supply their products to plastic product manufacturers.

- Polymer Link Group is involved in plastic compounding and uses plastic resin, masterbatch and additives to manufacture plastic pellets with specific additive composition. However, the compounded plastic pellets that the Group currently manufactures are used as feedstock for size reduction and the company supplies its products to its customers in powder form.

- Grinding is the physical process of converting plastic pellets into fine plastic powder of specific particle size. This process is also known as size reduction and is carried out in an attrition grinding mill. Plastic powder is more suitable compared to plastic pellets in some plastic production manufacturing methods, including rotational moulding. Small plastic particles melt more quickly compared to pellets, which reduces cycle time and heat exposure.

- Polymer Link Group is currently involved in manufacturing compounded plastic powder, which is mainly supplied to customers who use the product in rotational moulding.

- Plastic recycling is the process of converting pre-consumed and post-consumed plastic waste into usable plastic resins. Plastic wastes are collected, separated by type and cleaned to eliminate contaminations. These plastics are then shredded, melted down, extruded and cut into pellets. These plastic pellets are sold to compounders and plastic product manufacturers who use it as a raw material.

Downstream

- Plastic product manufacturing includes both semi-finished and finished products. Manufacturers have the option of carrying out some or all of the compounding and grinding (where plastic powder is involved) by themselves, in which case they would source the appropriate plastic resin, additives and masterbatch from the respective suppliers. Alternatively plastic product manufacturers can effectively outsource these processes, and purchase compounded plastic pellets or powder directly from suppliers. There is a wide variety of plastic manufacturers, reflecting the vast array of finished and unfinished plastic products that are currently manufactured.

4 COMPETITIVE ANALYSIS

4.1 Nature of Competition

- In general, operators in the compounded plastic powder manufacturing segment of the plastics industry face competition from the following:
  - Other compounded plastic powder manufacturers;
  - Manufacturers of other types of compounded plastic that can be used in rotational moulding, such as micro-pellets;
  - Plastic product manufacturers who manufacture their own compounded plastic powder. However, this group of operators are not considered as competitor as they primarily manufacture compounded plastic powder for their own use, and generally do not supply it to external customers.

- Polymer Link Group currently competes against other compounded plastic powder manufacturers that manufacture similar products to the Group. Additional information on selected operators is set out in Section 4.2.

- Compounded plastic micro-pellet manufacturers provide competitive pressure as their products can also be used in rotational moulding. However, compounded plastic powders still dominate as the preferred raw material for rotational moulding.

- In general, plastic product manufacturers have the option of manufacturing compounded plastic powder in-house for their own consumption. They can set up their own attrition grinding mill, and either produce their own compounded plastic pellets, or purchase it from plastic compounders. This results in less demand for external providers of compounded plastic powder manufacturers.

- For example, there is a plastic product manufacturer in Malaysia that uses the rotational moulding method to manufacture finished products such as insulated boxes, storage tanks, road barriers and floating frames for aquaculture. The company has its own in-house plastic compounding and grinding operations to produce compounded plastic powder in accordance to their formulations to produce their finished plastic products.

- While in-house compounding and size reduction exist, there is demand for external service or product providers for the following reasons:
  - Plastic manufacturers may not want to invest in the additional machinery and equipment that is required, which includes extruders and attrition grinding mills;
  - They may lack the technical skill and expertise required to consistently grind plastic powder with the required quality; and
  - The quantity of compounded plastic powder consumed may not be sufficient to fully occupy the extruder and attrition grinding mill.

- Typically, plastic compounders are not a significant source of competitive pressure for compounded plastic powder manufacturers, primarily because compounded plastic pellets are not close substitutes for the powdered form. To compete effectively a plastic compounder will have to invest in an attrition grinding mill, obtain the necessary technical skills and expertise, and generate sufficient business volume to efficiently operate the attrition grinding mill to manufacture plastic powder.

4.2 Operators in the Industry

- As of January 2018 some of the operators in Malaysia that manufacture compounded plastic powder include the following:
  - A. Schulman Plastics (Malaysia) Sdn Bhd;
  - CP Powders Sdn Bhd;
  - **Polymer Link Group;**
  - Revolve Matrix Polymers Malaysia Sdn Bhd.

  Note: Operators are listed in alphabetical order. This list is not exhaustive.
  (Source: Vital Factor Analysis)

- **A. Schulman Plastics (Malaysia) Sdn Bhd** has a factory in Batu Pahat, Johor Darul Takzim, manufacturing masterbatch, additives and compounded plastic powder for various applications. It is a subsidiary of A Schulman, Inc a manufacturer of compounded plastic based in the US. A. Schulman, Inc has a second manufacturing plant in Senai, Johor Darul Takzim operated by A. Schulman Thermoplastic Compounds Sdn Bhd, which manufactures compounded plastics.

- **CP Powders Sdn Bhd (CP Powders)** has two factories in Malaysia, in Shah Alam and Klang, Selangor Darul Ehsan. CP Powders is a manufacturer of compounded plastic powder for rotational moulding. It has two related companies, namely CP Metalmould Sdn Bhd which manufactures moulds for rotational moulding, and CP Colour Masterbatch Sdn Bhd, manufacturing pigment masterbatch and plastic pigment additives.

- **Revolve Matrix Polymers Sdn Bhd** (Revolve Matrix) is located in Shah Alam, Malaysia. It is part of the Matrix Polymers Ltd group of the UK, which is an international manufacturer of raw materials for rotational moulding. Revolve Matrix is a manufacturer of compounded plastic powder, primarily for rotational moulding.

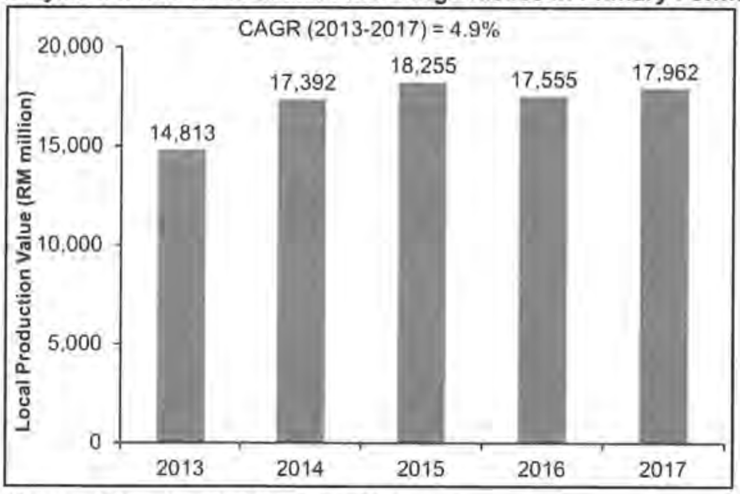
5 INDUTSRY PERFORMANCE

- The performance of the plastics industry can be indicated by the growth of manufacturing output and sales of various midstream and downstream segments. Polymer Link Group exports a large portion of their products to Philippines which is also consumed by the US. As such, the performance of plastics in Philippines and the US also constitutes to the scope of the industry assessment to a certain extent.

5.1 Malaysia

5.1.1 Performance of Plastic Resins

Malaysia's Sales Value of Manufacturing Plastics in Primary Forms

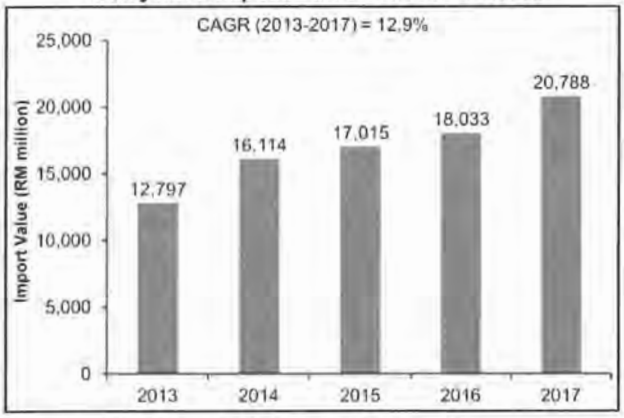


(Source: Department of Statistics Malaysia)

- Plastics in primary forms include polymers, polyamides, phenolic and epoxide resins, polyurethanes, alkyd, polyester resins, polyethers, silicones and ion-exchangers. Although sales value contracted slightly by 3.8% in 2016, Malaysia's overall sales value between 2013 to 2017 recorded a CAGR of 4.9%. Imports also contributed towards the supply of plastic resin in Malaysia.

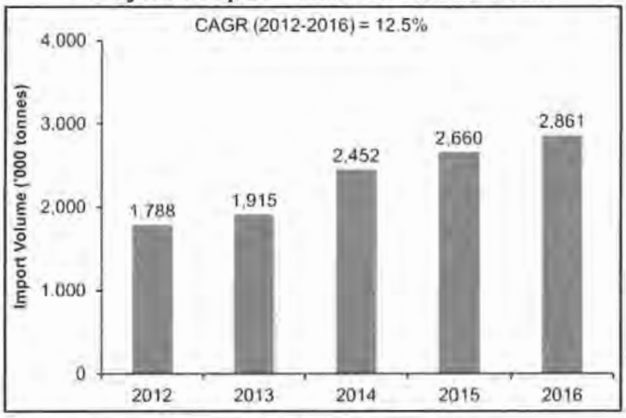
- The performance of plastic resin imports to Malaysia are as follows:

Malaysia's Import Value of Plastic Resin



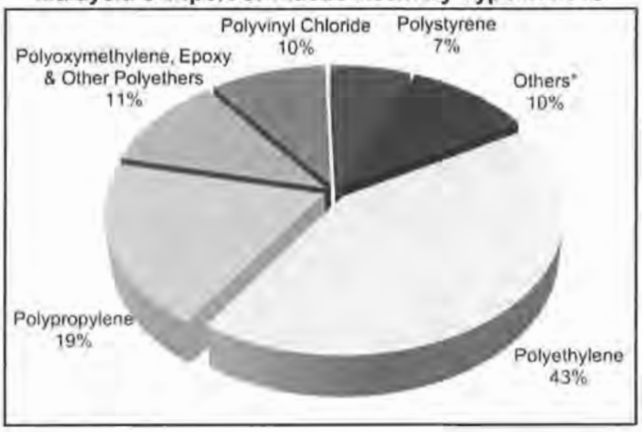
(Source: Department of Statistics Malaysia)

Malaysia's Import Volume of Plastic Resin



(Source: Department of Statistics Malaysia)

Malaysia's Import of Plastic Resin by Type in 2016

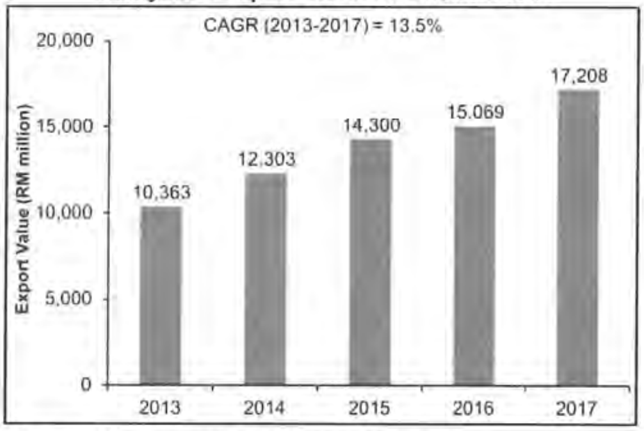


Notes:
**Others comprise amino resin, phenolic resin, polyurethanes, acrylic polymers, polyamides, polyvinyl acetate, silicone and petroleum resins;*
Percentages are based on Malaysia's total plastic resin import volume of approximately 2.9 million tonnes in 2016.
(Source: Department of Statistics Malaysia)

- Malaysia's imports of plastic resins have also been growing. PE resins represented almost half of the total plastic resin import volume in 2016 as they are one of the most widely utilised plastic types. PE resins are also the most demanded plastic resin for the use of rotational moulding processes.

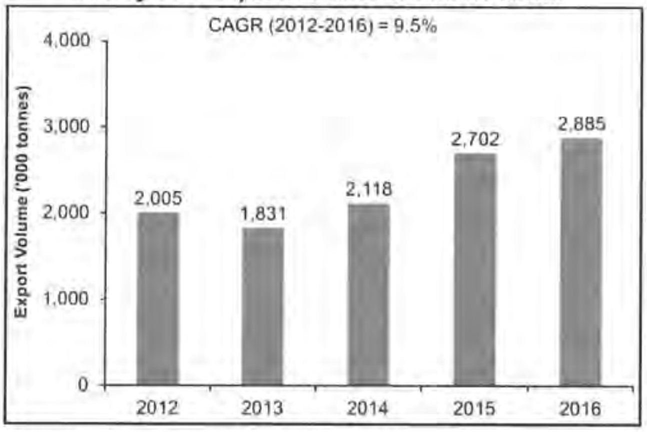
- Plastic resins are also exported from Malaysia, indicating demand for local supply of plastic resin. The five year historical performance of Malaysia's plastic resin exports are as follows:

Malaysia's Export Value of Plastic Resin



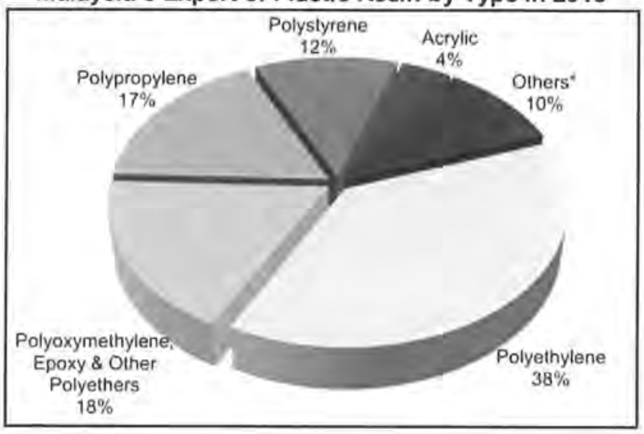
(Source: Department of Statistics Malaysia)

Malaysia's Export Volume of Plastic Resin



(Source: Department of Statistics Malaysia)

Malaysia's Export of Plastic Resin by Type in 2016



Notes:
**Others comprise amino resin, phenolic resin, polyurethanes, PVC, polyamides, polyvinyl acetate, silicone and petroleum resins;*
Percentages are based on Malaysia's total plastic resin export volume of approximately 2.9 million tonnes in 2016.
(Source: Department of Statistics Malaysia)

- Malaysia's exports of plastic resin have also been rising over the past five years. Similar to Malaysia's resin imports, PE resins are the most exported resin type. The entire performance of plastic resins in Malaysia has been expanding throughout the review period as indicated by local production, imports and exports.

5.1.2 Performance of Plastic Products

Sales Value of Manufacturing Plastic Products

	2013	2014	2015	2016	2017	2013-2017 CAGR (%)
Builders plastic ware	7,228	6,404	7,896	7,462	7,371	0.5
Growth Rate (%)	*6.3*	*-11.4*	*23.3*	*-5.5*	*-1.2*	
Plastic tableware, kitchenware and toilet articles	6,104	6,726	6,578	6,899	7,191	4.2
Growth Rate (%)	*2.5*	*10.2*	*-2.2*	*4.9*	*4.2*	
Plastic articles for packaging goods	1,290	1,723	3,351	4,431	4,651	37.8
Growth Rate (%)	*1.5*	*33.5*	*94.5*	*32.2*	*5.0*	
Semi-manufactures and finished plastic products	889	1,108	1,370	1,616	1,830	19.8
Growth Rate (%)	*6.6*	*24.6*	*23.7*	*17.9*	*13.2*	
Diverse plastic products n.e.c	2,433	3,501	5,575	6,912	8,753	37.7
Growth Rate (%)	*4.0*	*43.9*	*59.2*	*24.0*	*26.6*	

Notes: n.e.c = not elsewhere classified; All units are in RM million unless otherwise stated.
(Source: Department of Statistics Malaysia)

- Performance of plastic product production drives the plastic resin industry itself as the end user industries of the compounded plastic powders. Plastic resins are consumed by the plastic products industry that undergoes compounding processes and plastic moulding processes to form these products. As seen in the table above, plastic products of various categories have all developed between the period of 2013 and 2017. Amongst the categorised plastic products, plastic for packaging articles had the highest growth in that period registering a CAGR of 37.8%.

- The midstream and downstream plastics industry represented by the various indicators have exhibited a positive performance up to this point which in turn may drive and sustain Malaysia's plastic industry.

5.2 Philippines

5.2.1 Performance of Plastic Resins

Philippines Consumption on Common Types of Plastic Resins

	2011	2012	2013	2014	2015e	2011-2015 CAGR (%)
Polyethylene (PE)	**337**	**342**	**292**	**358**	**516**	**11.3**
- Imported	228	242	255	330	210	(2.0)
- Domestic	109	100	37	28	306	29.5
Polypropylene (PP)	**142**	**190**	**170**	**199**	**281**	**18.7**
- Imported	99	177	156	187	114	3.5
- Domestic	42	13	14	13	167	41.1
Polystyrene (PS)	**63**	**65**	**55**	**61**	**179**	**29.7**
- Imported	42	52	48	56	49	4.3
- Domestic	21	13	7	5	129	56.8
Polyvinyl Chloride (PVC)	**89**	**107**	**126**	**107**	**87**	**(0.4)**
- Imported	22	33	30	48	40	15.4
- Domestic	66	75	96	59	48	(7.9)
Poly ethylene terephthalate (PET)	**44**	**70**	**56**	**76**	**76**	**15.0**
- Imported	-	-	-	-	-	-
- Domestic	44	70	56	76	76	15.0

Notes:
e = estimate; All units are in '000 tonnes unless otherwise stated; Numbers may not add up due to rounding; The list of consumed plastic resin is not exhaustive. Based on the latest available statistics.
(Source: Vital Factor Analysis)

- Generally, PE is the most consumed type of plastics in Philippines with approximately 516,000 tonnes in 2015. PE, PP and PS consumed mostly imported supply of plastic resin up from 2011 to 2014.

- For all plastic resin types in Philippines, the local production output is as follows:

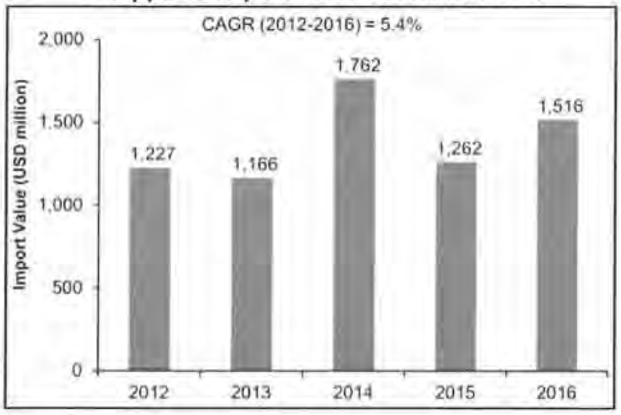
Philippines Output Value of Manufactured Plastic Synthetic Resin

	2010	2013	2014	CAGR 2010-2014
Plastic Synthetic Resin	15,439	16,461	12,714	(4.7)

Notes: Based on the latest available data; All units are in million pesos unless otherwise stated.
(Source: Philippines Statistics Authority)

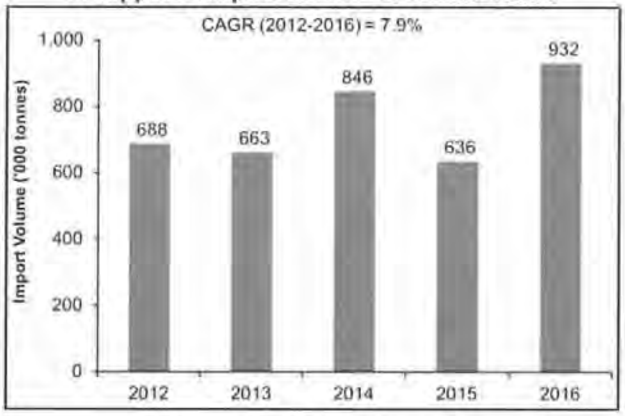
- Output value of plastic resin decreased in 2014 from the previous year by 22.8%. As such, Philippines are also dependent on the imports of plastic resin. Imports of PE, PP and PVC are also mostly from ASEAN countries. The total imports of plastic resins are illustrated below:

Philippines Import Value of Plastic Resin



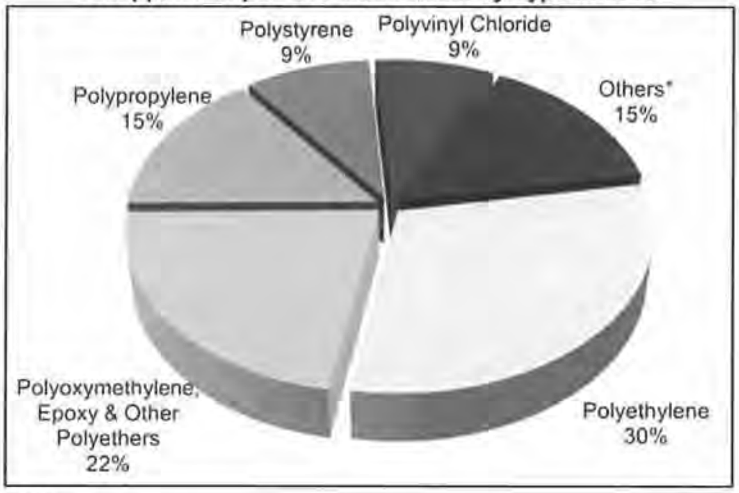
(Source: Vital Factor Analysis)

Philippines Import Volume of Plastic Resin



(Source: Vital Factor Analysis)

Philippines Import of Plastic Resin by Type in 2016



Notes:
**Others comprise amino resin, phenolic resin, polyurethanes, acrylic polymers, polyamides, polyvinyl acetate, silicone and petroleum resins;*
Percentages are based on the Philippines' total plastic resin import volume of approximately 932,000 tonnes in 2016.
(Source: Vital Factor Analysis)

- Performance of plastic resin imports has been fluctuating between 2012 and 2016. Despite the significant decrease in 2015, the overall plastic resin volume imports had increased by 46.6%.

- Malaysia contributed to approximately 10% of the total plastic resin imports to Philippines every year between 2012 and 2016. PE accounted for 30% of plastic resin imports in 2016.

5.2.2 Performance of the Plastic Product Manufacturing Industry

Philippines Output Value of Manufactured Plastic Products

	2010	2013	2014	2010-2014 CAGR (%)
Plastic articles of packing goods[1]	40,285	51,031	54,243	7.7
Other plastic industrial/ office/ school supplies	10,544	10,562	13,341	6.1
Plastic pipes and tubes	8,456	11,385	13,351	12.1
Plastic household wares	3,655	3,883	6,602	15.9
Primary plastic products[2]	2,188	4,247	3,447	12.0
Plastic windows and door screen[3]	599	533	1,555	26.9
Plastic products n.e.c.	4,555	14,229	10,368	22.8

Notes: Based on the latest available data; All units are in million pesos unless otherwise stated; n.e.c. = not elsewhere classified;
1. Examples include boxes, bags and sacks;
2. Examples include sheets, film and plates;
3. Includes shades and venetian blinds.
(Source: Philippines Statistics Authority)

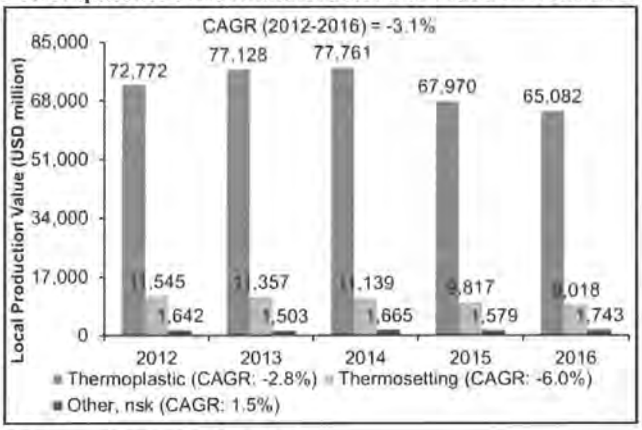
- Positive growth of Philippines plastic product output will in turn sustain the demand for plastic resins and other midstream products of the plastics industry, whether locally consumed or imported.

5.3 United States

5.3.1 Performance of Plastic Resins

- Polymer Link's plastic products are also consumed by the plastics industry of US. As such, this report will discuss the performance of US's plastic industry.

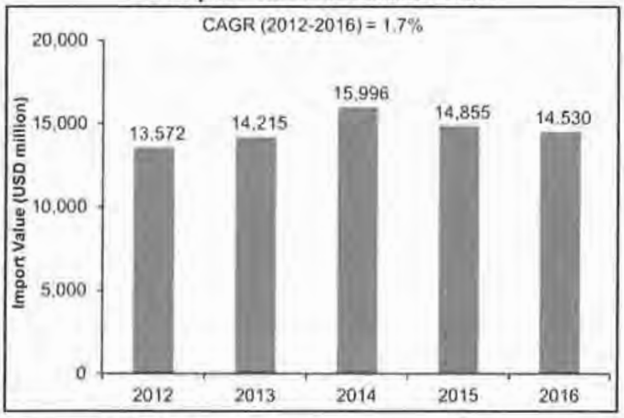
US Value of Shipments for the Manufacture of Plastic Resin and Materials



Note: nsk = not specified by kind.
(Source: Vital Factor Analysis)

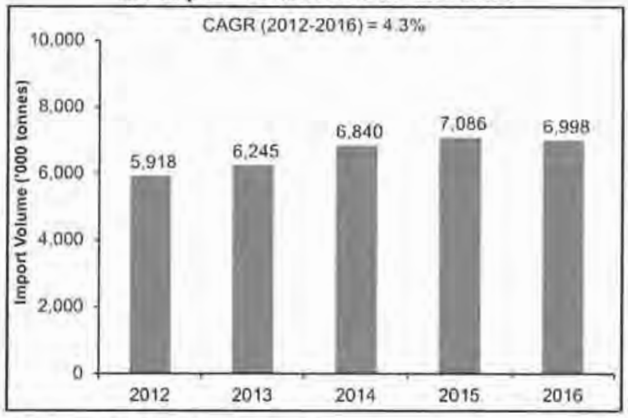
- Plastic resins and materials which are produced in the US have been decreasing over the past five years. The US plastic resins supply is also contributed by imports to the country.

US Import Value of Plastic Resin



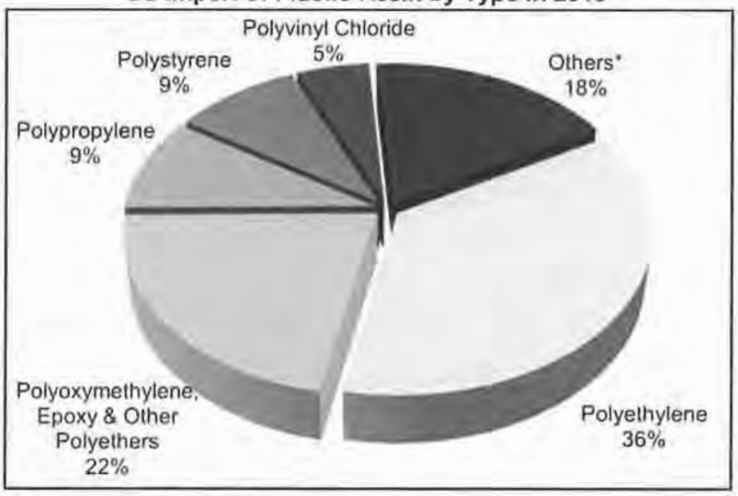
(Source: Vital Factor Analysis)

US Import Volume of Plastic Resin



(Source: Vital Factor Analysis)

US Import of Plastic Resin by Type in 2016



Notes:
**Others comprise amino resin, phenolic resin, polyurethanes, acrylic polymers, polyamides, polyvinyl acetate, silicone and petroleum resins;*
Percentages are based on the US's total plastic resin import volume of approximately 7.0 million tonnes in 2016.
(Source: Vital Factor Analysis)

- Plastic resin imports have increased in terms of volume. This may be a result of lacking in local production and the need of sustaining the US plastic consumption and demand. PE has the largest share of the plastic resin imports to US, followed by the plastic resin category POM, EP and other polyethers.

5.3.2 Performance of Plastic Products

US Value of Shipments for the Manufacture of Plastic Products

	2012	2013	2014	2015	2016	2012-2016 CAGR (%)
Plastic packaging materials[1]	39,937	41,550	42,020	40,584	40,591	0.4
Growth Rate (%)	*5.6*	*4.0*	*1.1*	*-3.4*	*0.0*	
Plastic pipes and pipe fittings[2]	15,031	15,913	17,400	16,871	17,306	3.6
Growth Rate (%)	*15.2*	*5.9*	*9.3*	*-3.0*	*2.6*	
Foam products	16,806	17,620	17,868	18,402	18,388	2.3
Growth Rate (%)	*6.1*	*4.8*	*1.4*	*3.0*	*-0.1*	
Plastic bottles	12,243	11,977	12,506	11,797	10,896	-2.9
Growth Rate (%)	*2.7*	*-2.2*	*4.4*	*-5.7*	*-7.6*	
Laminated plastics plate, sheet and shape	3,553	3,512	3,865	3,934	4,107	3.7
Growth Rate (%)	*11.7*	*-1.2*	*10.0*	*1.8*	*4.4*	
Other plastic products	81,194	85,012	90,146	94,187	95,262	4.1
Growth Rate (%)	*5.3*	*4.7*	*6.0*	*4.5*	*1.1*	

Notes: All units are in USD million unless otherwise stated;
1. *Includes unlaminated film and sheet manufacturing;*
2. *Includes unlaminated profile shape manufacturing.*

(Source: United Stated Census Bureau)

- As for the downstream stage of the plastic industry, almost all types of plastic products are still expanding in terms of US value of shipments which represent local production. This is a positive indicator for demand of midstream plastic products as midstream plastic products are the inputs required to manufacture these products.

8. RISKS

Any investment in our Shares may be subject to a number of risks. Before making any investment decisions, Sophisticated Investors should carefully consider the risk factors together with all other information in this Information Memorandum, in particular the risks and investment considerations described below. The information below does not purport to be complete nor exhaustive, as additional risks and uncertainties not presently known to our Group, or that our Group currently deems as not material, may have an adverse effect on our business. If any of the following risks were to materialise, our Group's business, financial condition, results or future operations could be materially adversely affected. In an event, the market price of our Shares could decline, and investors may lose part or all of their investments.

8.1 Business, operating and industry risks

8.1.1 Dependency on a single customer

We are highly dependent on a single customer, namely Outback Philippines, which accounted for 88.0%, 93.6% and 90.6% of our total revenue for FYE 2015, FYE 2016 and FYE 2017, respectively. There is a risk that our financial performance will be materially affected if Outback Philippines ceases to be our customer or reduces the volume of business that they do with us, for whatever reason.

At present, we have entered into a three (3) years Supply Agreement with Outback Philippines, whereby we have agreed to exclusively supply and sell to Outback Philippines, and Outback Philippines agrees to exclusively purchase from us, the specific product (as described therein) ("**Supply Agreement**").

The salient terms of the Supply Agreement are summarised below:

(i) During the duration of the Supply Agreement, we shall not sell and/or supply the products (as described therein) to any other parties with a plant and/or manufacturing facility producing rotationally moulded coolers other than what has been permitted in the Supply Agreement;

(ii) In return for the abovementioned exclusivity, Outback Philippines shall solely purchase the specific products(as described therein) from our Group except in the event we are unable to meet Outback Philippines' volume requirements or quality specifications;

(iii) The Supply Agreement will be valid for three (3) years starting on 6 December 2017 and shall be automatically renewed for an additional period of one (1) year on each anniversary of the date of signing unless prior written notice of at least three (3) months is given by either party for the non-renewal before the anniversary of the date of signing of the Supply Agreement;

(iv) In the event of any conflict or discrepancy between the products (as specified and described therein) and the Supply Agreement, the provision of the Supply Agreement shall prevail;

(v) The purchase price for the specific (as described therein) may be revised from time-to-time subject to prior communication between the parties. Fluctuations of material prices shall be benched marked as pursuant to monthly pricing from Lotte or any other approved supplier;

(vi) The purchase price shall be paid by Outback Philippines to us within thirty (30) days from the date of our issued invoice, or such other period to be mutually agreed by the parties; and

(vii) The Supply Agreement shall be governed by, interpreted and construed in all respects in accordance with the laws of the Philippines.

We are also actively taking steps to reduce and mitigate our dependency on Outback Philippines, including:

(i) Actively marketing our products and services to secure new customers. We secured eleven (11) new customers during FYE 2016, and an additional eleven (11) new customers for FYE 2017;

(ii) As part of our future plans we intend to enter the US market and secure new customers there by setting up a warehouse in Wisconsin, US;

(iii) We can develop and manufacture new products, including masterbatch and compounded plastic powder, with our existing in-house QC and R&D facilities, technical skills and manufacturing lines. This allows us to expand our product range, address new markets and customer groups, and secure new customers to enlarge our customer base.

Notwithstanding the above, there is no assurance that Outback Philippines will continue to be our customer in the future and that we will succeed in reducing and mitigating our dependency on Outback Philippines.

8.1.2 Dependency on major suppliers

We are dependent on Lotte and Commercial Plastic Industries, which supply plastic resin to us. Our purchases from Lotte accounted for 78.7%, 83.3% and 81.2% of total purchases for FYE 2015, FYE 2016 and FYE 2017 respectively, while purchases from Commercial Plastic Industries accounted for 17.4%, 3.5% and 9.4% of total purchase respectively. The types of plastic resin that we purchase from both of these suppliers are widely manufactured and traded. However, there is no assurance that other suppliers will be able to meet our products' quality requirements.

8.1.3 Increase in the prices of our raw materials

The main raw materials used in our manufacturing operations are plastic resin (mainly PE resin), masterbatch and additives, which respectively accounted for 94.0%, 5.9% and 0.1% of our purchases for FYE 2016 and 90.4%, 9.6% and 0.04% of purchases for FYE 2017.

Petroleum products are the major feedstock for plastic resins and related raw materials, including PE resin, masterbatch and additives. As a result the prices of these raw materials are influenced by the price of petroleum. There is a risk that a sustained increase in the price of petroleum may result in a sustained increase in the cost of these raw materials. In addition, PE resin, masterbatch and additives are globally traded commodities whose prices are subjected to market fluctuations. Increases and adverse fluctuations in the prices of the raw materials that we purchase can have a negative impact on our profit margin and overall financial performance.

Where possible, we pass on all or a part of the fluctuations in the prices of raw materials on to our customers. We can also manufacture compounded and non-compounded plastic powder for our customers on a toll manufacturing basis, whereby they supply us with all of the required raw materials, and consequently reduce the effects of price increases and fluctuations on us. In addition, other manufacturers of plastic products, including our competitors, will also be affected by increases and fluctuations in the prices of raw materials.

Notwithstanding the above, there is no assurance that we will successfully pass on increases in the cost of our raw materials on to our customers. There is also no assurance that our customers will engage us to manufacture compounded and non-compounded plastic powder for them on a toll manufacturing basis.

8.1.4 Decline in End User Demands

As mentioned in Section 8.1.1, we are highly dependent on a single customer, namely Outback Philippines. Outback Philippines uses the compounded plastic powder that we supply to them to manufacture plastic insulated boxes, mainly for a US-based brand owner on an OEM basis for the brand owner's market in the US and other countries.

During recent years, whilst we have experienced consistent demand from Outback Philippines and increasing revenue contribution from other customers, there is no assurance that the demand for the end users will continue to be positive and that any possible decline may impact our business.

8.1.5 Dependency on Experienced Management and Key Personnel

Our Board recognises and believes that our Group's continued success depends, to a certain extent, on the abilities and continuing efforts of the key management and key technical personnel. The loss of such persons could adversely affect our Group's continued ability to compete in the industry.

We also recognise the importance of our Group's ability to attract and retain our key management and key technical personnel, and have in place remuneration packages which are on par with industry standards for employees. We also strive to provide a good working environment to promote productivity and loyalty. Most of our key management and key technical personnel have been with us since our establishment.

Whilst we have taken steps to limit dependence on key management and key technical personnel, through the efforts mentioned above, there is no assurance that any change in the key management and key technical personnel structure will not have an adverse effect on our Group's future operating performance.

8.1.6 Competition

We currently compete against other compounded plastic powder manufacturers, who manufacture products that are similar to ours. Our Board believes that the competition from existing competitors and possible new entrants can be mitigated, to a certain extent, as our Group can leverage the management and technical personnel's experience and expertise, our product range being flexible enough to meet business opportunities, our reputation on delivering high quality amongst our customers, to defend our market position.

Although we seek to continue to adopt appropriate strategies to remain competitive, there will be no assurance that competition from existing competitors and/or new entrants will not have a material adverse effect on our Group's performance.

8.1.7 Risk of disruptions to our manufacturing operation

Events such as, but not limited to, delays in procuring raw materials, accidents, fire, natural disasters, machine and equipment downtime or failure, disruptions in the supply of utilities such as electricity and water, and labour shortages or disputes may disrupt our manufacturing operations. This may affect our ability to achieve our manufacturing targets and delivery schedules to our customers. These business disruptions may lead to the cancellation of orders, loss of customers, and damage our reputation. This may adversely affect our financial performance and future prospects.

We have implemented proper production planning procedures to ensure smooth operations. Our production planning involves forecasting our production for the next three (3) months, of which a large percentage of the forecast is based on confirmed or secured sales. Through this method, we are able to allocate the necessary resources to meet our customers' production needs and schedules

We ensure that our machinery and equipment are properly maintained and in good working order. We have a team of technical staff with the necessary skills to provide immediate repairs in case there is machine downtime. All of our staff receive safety and other training and go through a planned work schedule. We constantly monitor our material assets and stocks to ensure that they are adequately covered by insurance at all times.

From the time that Port Klang Factory started its manufacturing operations in December 2014 up to the LPD, it has not experienced any events that have resulted in a material disruption in its manufacturing operations.

Our Clark Freeport Factory has experienced electricity cut-offs due to problems relating to the power generation, transmission or distribution grid, which resulted in shutdowns of the factory's manufacturing operations. These electricity supply cut-offs were not frequent, with approximately two (2) instances occurring between April 2017 (when the factory started manufacturing operations) and the LPD. In addition, electricity supply was restored in less than four (4) hours each time. As a result these electricity cut-offs did not materially disrupt the factory's manufacturing operations, as it was able to achieve its production schedules and targets.

Although we take various relevant precautions, there can be no assurance that there will not be any interruptions in operations resulting in production delays that may impact the revenue and earnings of our Group. In addition, there can be no assurance that the electricity cut-offs experienced by Clark Freeport Factory will not become more frequent and longer in duration. There is also no assurance that our insurance coverage will be sufficient to compensate for the replacement cost of assets or any consequential losses arising from a material disruption.

8.1.8 Exposure to foreign currency risk

Sales to customers in other countries accounted for most of our revenue in FYE 2016 and FYE 2017, with the Philippines being our largest market accounting for 93.6% and 90.6% of our total revenue, respectively. This revenue is mainly denominated in foreign currencies, namely the US Dollar. There is a risk that adverse fluctuations in foreign exchange rates, including the value of the RM relative to the US Dollar and PHP, may have an adverse effect on our financial results.

All of the raw materials that we purchased during FYE 2017 were from overseas suppliers, either purchased directly from a supplier based overseas, or from a Malaysian stockist that imported the raw materials. These purchases were primarily denominated in US Dollars. We were able to pay for purchases denominated in US Dollars with revenue received in US Dollars, resulting in a natural hedge. However, we may still be exposed to foreign currency risk due to timing differences between receiving US Dollars from our customers, and using these funds to pay our suppliers.

However, there can be no assurance that the foreign currency exchange risk will not have a material impact on our financial performance.

8.1.9 Country risks relating to the Philippines

A significant part of our current business is linked to the Philippines. In FYE 2016 and FYE 2017, the Philippines was our largest market (accounting for 93.6% and 90.6% of our revenue, respectively); was the location of our largest customer Outback Philippines; and is the location of our subsidiary Polymer Link Philippines and our Clark Freeport Factory.

Our business operations, business development and financial performance may be affected by political, economic, legal and economic events in the Philippines.

In addition, development of our business and our financial performance in the future is affected by regulatory conditions and policy in the Philippines. These may include, among others, the following:

(i) Changes in the interpretation of current regulations or the introduction of new regulations that increase restrictions on the conduct of our business in the Philippines;

(ii) Changes in exchange rate controls, and the movement of capital into and out of the country;

(iii) Imposition of import or export duties, licensing requirements and other restrictions to trade; and

(iv) Changes in the level of foreign equity ownership allowed in companies incorporated in the Philippines.

As at the LPD, we have not previously experienced any of the abovementioned restrictions on the conduct of our business in the Philippines. We have not been served with any notices or summons, or have been subject to any proceedings for breach or non-compliance with any laws and regulations in the Philippines.

However, there is no assurance that any adverse development or change in the regulatory environment of the differing nations would not have an adverse impact on our ability to conduct business in the Philippines.

8.1.10 Country risks relating to the US

A significant part of our Group's revenue contribution for FYE 2016 and FYE 2017 of 93.6% and 90.6%, respectively, is mainly derived from our Group's largest customer, Outback Philippines. Our Group uses the compounded plastic powder that we supply to them to manufacture plastic insulated boxes, which are manufactured for a US-based brand owner on an OEM basis for the brand owner's market in the US as well as other countries.

Therefore, our Group's performance in the future may inevitably be affected by any unfavourable changes in the political, economic and/or regulatory conditions environment in to the US. These include changes in political environment, terrorist act, changes in government policies, nationalisation, changes in legislation pertaining to the industry, changes in environmental, health and safety laws

Although our Company is committed to taking adequate measures to mitigate these risks by closely monitoring the US government's short-term and long-term fiscal plans and policies, there can be no assurance that any changes to the US' political, economic and regulatory factors will not have a material and adverse effect on our Group's business, prospects and financial performance.

8.2 Risks of Investing in our Shares

8.2.1 Proposed Listing may be delayed or not eventuate

We have targeted to list our Company on the LEAP Market within six (6) months from the date of this Information Memorandum. Our Proposed Listing on the LEAP Market is subject to, among others, receiving approval-in-principle from Bursa Securities. There is no assurance that we will be able to list our Company on the LEAP Market within the planned timeframe.

The Proposed Listing may be delayed or aborted by unforeseen events, which may include, but are not limited to, the following:

(i) We are unable to meet the public shareholding spread requirement as determined by Bursa Securities, whereby at least 10.0% of our enlarged share capital for which the Proposed Listing is sought is in the hands of public shareholders; and

(ii) The revocation of approvals from the relevant authorities for our Proposed Listing and/or admission to the Official List of the LEAP Market of Bursa Securities for whatever reason.

In this respect, we will best endeavour to comply with the various regulatory requirements to ensure our successful listing on the LEAP Market. However, no assurance can be given that the abovementioned events will not cause a delay in or non-implementation of our Proposed Listing.

In the event that the Proposed Listing does not take place within six (6) months from the date of Bursa Securities' approval for the Proposed Listing (or such further extension of time as Bursa Securities may allow), or we abort the Proposed Listing, the Sophisticated Investors will not receive any Placement Shares but will be returned in full, without interest, all monies paid in respect of any application for our Placement Shares within fourteen (14) days, and our Board shall be jointly and severally liable to repay such money with interest at the rate of 10% per annum from the end of the period or such other rate as Bursa Securities may prescribe until full refund is made.

In the event our Proposed Listing is aborted and/or terminated, and our Shares have been allotted to the shareholders. A return of monies to all of our shareholders could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaysia) and the confirmation of the High Court of Malaysia. There can be no assurance that such monies can be recovered within a short period of time or at all in such circumstances.

8.2.2 Volatility in our share price and trading volume

Upon our Proposed Listing, the market price of our Shares may fluctuate as a result of variations in the liquidity or the lack of liquidity of the market for our Shares; differences between our actual financial operating results and those expected by investors and analysts; analysts' recommendations and projections; investor sentiment, and general market conditions of Bursa Securities. The market price of our Shares may also be affected by the performance of our customers and suppliers, technological and other developments in the plastics industry, and changes in the competitive landscape due to mergers, acquisitions and new operators entering the market.

Sophisticated Investors should not rely on comparisons with the Company's results to date as an indication of future performance. Our Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. In addition, stock markets from time to time suffer significant price and volume fluctuations that affect the market prices for securities and which may be unrelated to our Group's operating performance. Any of these events could result in a decline in the market price of our Shares.

Furthermore, the participation in the LEAP Market is limited to mainly the Sophisticated Investors only, which in turn limits the potential liquidity level in the market. It may be more difficult for the Sophisticated Investors to realise their investment on the LEAP Market than to realise an investment in a company whose shares are quoted on the Main Market and Ace Market of Bursa Securities.

8.2.3 No prior market for our Shares

The Issue Price of RM0.12 per Placement Share has been determined and agreed upon by our Company and DWA Advisory as our Approved Adviser, Placement Agent and Continuing Adviser, after taking into consideration a number of factors, including but not limited to, our operating history, financial performance, future plans and strategies, and prevailing stock market conditions.

Prior to the Proposed Placement, there has been no public market for our Shares. There can be no assurance that an active market for our Shares will develop after our Proposed Listing on the LEAP Market, and no assurance that such a market can be sustained if it develops.

8.2.4 Disclosure regarding forward looking statements

Certain statements in this Information Memorandum are forward-looking in nature and are subject to uncertainty and contingencies. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that such expectations will materialize.

The inclusion of forward-looking statements in the Information Memorandum should not be regarded as a representation or warranty by our Company, DWA Advisory or any other adviser that the plans and objectives of our Company will be achieved.

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9. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

9.1 Related Party Transactions

Under the Listing Requirements, a 'related party transaction' is a transaction entered between the listed corporation or its subsidiaries and a related party, other than a transaction of a revenue nature in the ordinary course of business. A 'related party' of a listed issuer is:

(i) a director having the same meaning given in Section 2(1) of the CMSA; or

(ii) a major shareholder who has an interest of 10.0% or more of the total number of voting shares in a corporation; or

(iii) a person connected with such director or major shareholder.

9.2 Existing and Proposed Related Party Transactions

Save as disclosed below, our Group does not have any other existing related party transactions entered into or proposed to be entered by our Group and related party for FYE 2016, FYE 2017 and for the subsequent period up to the LPD:

Transacting Party	:	Outback Philippines		
Nature of Relationship	:	Argel Adarlo and his spouse, Geeslin Adarlo, our Promoters, are the directors and part of the management team of Outback Philippines. They collectively hold 0.01% equity interest in Outback Philippines, whilst a person connected to Geeslin Adarlo, i.e. her mother, namely Gloria Fuentes-Brown, is holding 99.97% equity interest in Outback Philippines.		
Nature of Transaction	:	Sale of compounded plastic powder		
Transaction Value	:	**FYE 2016 RM'000**	**FYE 2017 RM'000**	**Subsequent up to LPD RM'000**
		33,161	37,195	10,460

Our Board is of the view that all the above related party transactions were conducted on arm's length basis, and are carried out in the ordinary course of business. The transactions are on competitive commercial terms not more favourable to the related parties than those generally available to other third (3rd) parties, and were not to the detriment of our minority shareholders.

Going forward and as part of our ordinary course of business, we anticipate that our Group would continue to enter into transactions, as described above with the related parties. Our Board will ensure the commercial terms remain competitive which are not more favourable to the related parties than those generally available to other third (3rd) parties and are not to the detriment of our minority shareholders.

9.3 Transactions that are Unusual in their Nature or Conditions

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Company or any of our subsidiaries was a party in respect of FYE 2016, FYE 2017 and for the subsequent period up to the LPD.

9.4 Outstanding Loans Made by Our Company or any of our subsidiaries for the Benefit of Related Parties

There are no other outstanding loans (including guarantees of any kind) made by our Company or any of our subsidiaries to or for the benefit of any related party in respect of FYE 2016, FYE 2017 and for the subsequent period up to the LPD.

9.5 Interests in Similar Businesses and other Conflict of Interest Situations

As at the LPD, save as disclosed below, none of our Promoters, Board, substantial shareholders and/or key management personnel has any interest, direct or indirect in other businesses and/or corporations carrying on a trade similar to our Group or businesses or corporations which are the customers or suppliers of our Group, which would give rise to a conflict of interest situation:

Promoter/Substantial Shareholder/Director	**Company**	**Nature of interest**
Argel Adarlo	Outback Philippines, which was the largest customer of our Group for FYE 2015, FYE 2016, and FYE 2017.	Director, Vice President of Operations and shareholder of Outback Philippines*(1)*
Geeslin Adarlo	Outback Philippines, which was the largest customer of our Group for FYE 2015, FYE 2016, and FYE 2017.	Director, Vice President of Finance and shareholder of Outback Philippines*(1)*

Note:

(1) Deemed interested by virtue of them being part of the management team of Outback Philippines. They collectively hold 2,000 capital stock in Outback Philippines which represents 0.01% equity interest in Outback Philippines, whilst a person connected to them is the controlling shareholder of Outback Philippines.

Our Board confirm that all transactions entered into between these companies and our Group are on arm's length basis and on commercial terms which are not more favourable to these companies than those generally available to third (3rd) parties and which will not be detrimental to our minority shareholders.

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Our Board is aware that the interests held by the Board and substantial shareholders in other businesses and corporations that are suppliers or customers to our Group may give rise to conflict of interest situations. In view of their current or potential interests in such companies, interested Board and interested shareholders will be required to abstain from deliberations and voting on decisions and resolutions pertaining to the matters and/or transactions with the affected businesses and corporations.

Our Board is of the opinion that the potential conflict of interest situation arising from the interest of Argel Adarlo and Geeslin Adarlo in Outback Philippines, which is also our largest customer, is mitigated due to the following:

(i) Despite collective shareholdings of 11.25% upon the Proposed Listing, Argel Adarlo and Geeslin Adarlo do not participate, directly or indirectly, in the day-to-day operations of our Group. Argel Adarlo and Geeslin Adarlo were instrumental in facilitating our Group in securing the leasehold land for the construction of Clark Freeport Factory. They have assisted our Group in identifying new customers in the Philippines. In addition, the Board is of the view that the shareholdings of Argel Adarlo and Geeslin Adarlo in our Company will strengthen the business relationship between our Group and Outback Philippines.

(ii) The principal activity of Outback Philippines is the manufacturing of plastic insulated boxes using the rotational moulding method. The principal activities of our Group is manufacturing compounded plastic powder, which can also be used by rotational moulders to manufacture other types of plastic products such as bins, water tanks, kayaks and playground equipment. In addition, we also produced plastics pellets that are used in other manufacturing methods, such as blow moulding, injection moulding, extrusion and calendaring. As such, our Board are of the view that the business operations of Outback Philippines and our Group are not similar, and do not compete against each other.

(iii) Our Board always ensures that pricing of products or services for related parties shall be determined based on the usual commercial terms, business practices and policies or otherwise in accordance with those practiced by our Group with third (3rd) parties including other applicable industry norms/considerations. At least two (2) other contemporaneous transactions with unrelated third (3rd) parties for similar products or services, and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third (3rd) parties for the same/substantial similar type of products/services and/or quantities.

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Where quotation or comparative pricing from unrelated third (3rd) parties cannot be obtained, the transaction price will be determined by us based on those offered to/by other unrelated parties for the same or substantial similar type of transaction to ensure that the related party transaction is not detrimental to our Group and the reasons for the inability to obtain such quotation or comparative pricing in the first (1st) place shall be minuted by our key management for future review.

In addition, Dr Paul Nugent, through MNOP Consulting, is involved in providing training and consulting services to various plastic products manufacturers involved in the rotational moulding industry worldwide, particularly with regards to processes, raw materials and additive systems for materials which are highly specialised.

Our Board is of the opinion that the potential conflict of interest arising from this is mitigated as MNOP Consulting is only involved in providing training and consulting services worldwide. Furthermore, such services provided or to be provided, involve products, markets and/or geographical locations in which our Company does not have any presence so as to ensure that the impact of any potential conflict of interest situation is minimised.

Notwithstanding the above, in the event of a potential conflict of interest situation, such Promoters, directors and substantial shareholders are obliged, if required by laws and regulations, to abstain from deliberations and voting on decisions and resolutions pertaining to the matters and/or transactions with the affected businesses and corporations.

9.6 Declaration by our Advisers

(i) DWA Advisory confirms that there are no existing or potential conflicts of interest in its capacity as the Approved Adviser, Placement Agent and Continuing Adviser to our Company in relation to the Proposed Listing;

(ii) Grant Thornton Malaysia confirms that there are no existing or potential conflict of interest in its capacity as the Auditors to our Company in relation to the Proposed Listing;

(iii) Messrs. Lee Choon Wan & Co. confirms that there are no existing or potential conflicts of interest in its capacity as the Legal Adviser to our Company in relation to the Proposed Listing;

(iv) Messrs. Lacanlale & Vitug-Evangelista confirms that there are no existing or potential conflicts of interest in its capacity as the Legal Adviser for the due diligence exercise of Polymer Link Philippines on Philippines Law in relation to the Proposed Listing;

(v) Vital Factor confirms that there are no existing or potential conflicts of interest in its capacity as the Independent Business and Market Research Consultants to our Company in relation to the Proposed Listing;

(vi) Lim Hooi Mooi and Wong Wai Foong confirms that there are no existing or potential conflicts of interest in their capacity as the Company Secretary to our Company in relation to the Proposed Listing; and

(vii) Tricor Investor & Issuing House Services Sdn Bhd confirms that there are no existing or potential conflicts of interest in its capacity as the Share Registrar to our Company in relation to the Proposed Listing.

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10. ADDITIONAL INFORMATION

10.1 Directors' Responsibility Statement

This Information Memorandum has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information and statements contained in this Information Memorandum. After having made all reasonable enquiries, and to the best of their knowledge, information and belief, they confirm that there are no false or misleading statements or other material facts, which, if omitted, would make any statement in this Information Memorandum false or misleading.

10.2 Consents

The written consents of the Approved Adviser, Placement Agent, Continuing Adviser, Auditors, Company Secretaries, Independent Business and Market Research Consultants, Share Registrar and Solicitors to the inclusion in this Information Memorandum of their names in the form and context in which such names appear have been given before the issue of this Information Memorandum and have not subsequently been withdrawn.

10.3 Material Litigation and Contingent Liabilities

As at the LPD, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and our Board does not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our position or business.

As at the LPD, there is no contingent liability which, upon becoming enforceable, may have material impact on our financial position or business.

10.4 Material Contracts

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiary companies within the past two (2) years immediately preceding the date of this Information Memorandum:

(i) Share sale agreement, dated 7 December 2017, between Polymer Link Holdings and the vendors of Polymer Link and Polymer Link Philippines in relation to the sale and purchase of the following:

  (a) the entire share capital of Polymer Link, for a purchase consideration of RM12,496,925 only, satisfied via the issuance of 416,564,168 Shares to the vendors of Polymer Link in their respective proportions, at an issue price of RM0.03 each; and

(b) 3,600 ordinary shares of Polymer Link Philippines, for a purchase consideration of RM6, satisfied via the issuance of 200 Shares to the vendors of Polymer Link Philippines in their respective proportions, at an issue price of RM0.03 each

("**Share Sale Agreement**"). As at the LPD, the Share Sale Agreement has been completed;

(ii) Friendly loan agreement, dated 10 September 2016, between Polymer Link and Dr Paul Nugent, in relation to the loan made by Dr Paul Nugent to Polymer Link, amounting to USD184,560 only, in relation to the purchase of a machine and spare parts for Polymer Link's factory ("**Loan**"). The Loan is to be paid by Polymer Link by way of monthly instalment amounting to USD3,076 only, every month, commencing from 15 September 2015 for fifty-nine (59) months on each consecutive fifteenth (15th) monthly until full settlement ("**Loan Agreement**"). As at the LPD, the Loan Agreement has been fully settled;

(iii) Lease agreement, dated 22 April 2016, between Clark International Airport Corporation ("**CIAC**") and Polymer Link Philippines, in relation to the lease of a piece of land at Building 7494, M.L. Quezon Corner C.M. Recto Avenue, Clark Civil Aviation Complex, Clark Freeport Zone, Pampanga, Philippines, measuring approximately 10,224.45 square metres ("**Land**"), for a period of twenty-five (25) years, effective from the actual turnover of the Land and renewable only if both parties agree to such renewal, subject to Polymer Link Philippines giving a written notice to CIAC at least ninety (90) days prior to the expiration of this lease agreement and subject to the renegotiation of new terms and conditions, at the agreed monthly lease of USD4,601 only, with a 10% compounded increase commencing from the fourth (4th) year and every three (3) years thereafter ("**Lease Agreement**"). As at the LPD, the Lease Agreement is subsisting; and

(iv) Letter of extension dated 19 July 2017, in relation to the tenancy agreement, dated 1 October 2014, between Time It In E (Pantai Timur) Sdn Bhd (Company No. 581491-K) ("**Time It**") and Polymer Link, for the rental of a piece of leasehold land with a single storey factory building and a two (2) storey office, held under PT 522, H.S.(M) 38169), Tempat Bandar Sultan Sulaiman, Bandar Sultan Sulaiman, Daerah Klang, Selangor Darul Ehsan, with the postal address at Lot 522, Jalan Sultan Mohamed 1, Bandar Sultan Sulaiman (KU18), 42000 Pelabuhan Klang, Selangor Darul Ehsan, measuring approximately 64,529.64 square feet, for a second (2nd) term commencing 1 October 2017 for a term of three (3) years, with a further option of three (3) years being the third (3rd) term commencing immediately after the expiry of the second (2nd) term and terminating on the last day of the term, at the following agreed rental: (a) for the second (2nd) term, at the prevailing market rental value but not lower than the rental payable during the first (1st) term, (b) for the third (3rd) term, at the prevailing market rental value but not lower than the rental payable during the second (2nd) term and (c) the rent rebate of RM2,500 only per month for the second (2nd) term and the third (3rd) term shall continue to apply provided the rent is paid on or before the seventh (7th) of each month ("**Tenancy Agreement**"). As at the LPD, the Tenancy Agreement is subsisting.

10.5 Licences and Permits

10.5.1 Malaysia

Manufacturing Licence

On 19 December 2016 and 2 November 2017, Polymer Link had applied for a manufacturing licence from the Malaysian Investment Development Authority ("**MIDA**"). MIDA had, on 5 January 2017 and 13 November 2017, replied that Polymer Link was exempted from the requirement to obtain a manufacturing licence pursuant to the Industrial Coordination Act 1975, which states that all businesses engaged in manufacturing activity are required to obtain a manufacturing licence if they fulfil both of the following criteria:

(i) the business has shareholders' funds of RM2.5 million or more; and

(ii) the business has at least seventy-five (75) full-time employees.

Other Licences and Permits

We have obtained the following licences in relation to our business:

Company	Issuing Authority	Effective Date / Expiry Date	Type of Licence
Polymer Link	Majlis Perbandaran Klang	16 October 2017 / 31 December 2018	'Lesen Perniagaan dan Iklan 2018'
Polymer Link Holdings	Majlis Perbandaran Klang	9 January 2018 / 31 December 2018	'Lesen Perniagaan dan Iklan 2018'

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10.5.2 Philippines

Permit to Operate

Polymer Link Philippines has been issued with a Permit-to-Operate as a Clark Freeport Enterprise for the production and supply of plastic compounds and powders for use in rotational moulding and other plastics processes from CDC, with the following incentives and privileges:

(i) payment of 5% on gross income earned, in-lieu of national and local taxes as provided by the Bureau of Internal Revenue and the Treasurer's Office of the concerned Philippines local government; and

(ii) entitlement of tax exemption and duty-free importation of grinders reduction engineering, extruders bimetallic, dosing unit, vacuum loaders, material and powder bins, platforms, base resin and colours necessary and directly related to our business activities.

The certificate of registration and tax exemption issued by CDC to Polymer Link Philippines is effective from 21 November 2016 until 20 November 2019.

As at the LPD, we had procured all the required licences, permits and/or approval to operate our business in Malaysia and the Philippines.

10.6 Intellectual Property Rights

As at the LPD we do not have any other licences, patents, trademarks, brand names, franchises and other intellectual property rights.

10.7 Documents Available for Inspection

Copies of the following documents are available for inspection at our Registered Office, free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for at least one (1) month after the listing of the Company on the LEAP Market:

(i) the Information Memorandum;

(ii) the Constitution of our Company;

(iii) the material contracts as referred to in Section 10.4 of this Information Memorandum;

(iv) the Independent Market Research Report dated 28 February 2018;

(v) the declarations of conflict of interest and letters of consent as referred to in Sections 9.6 and 10.2 of this Information Memorandum, respectively; and

(vi) the Auditors' reports and combined financial statements of Polymer Link Holdings for FYEs 2016 and 2017.

APPENDIX I

AUDITORS' REPORTS AND COMBINED FINANCIAL STATEMENTS OF POLYMER LINK HOLDINGS FOR FYE 2016

Company No: 1041798-A

POLYMER LINK HOLDINGS BERHAD

(formerly known as Brics Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

REPORTS AND COMBINED FINANCIAL STATEMENTS

30 SEPTEMBER 2016

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Grant Thornton
An instinct for growth

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF

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POLYMER LINK HOLDINGS BERHAD
(formerly known as Brics Holdings Sdn. Bhd.)
(Incorporated in Malaysia)
Company No: 1041798-A

Report on the Audit of the Combined Financial Statements

We have audited the combined financial statements of Polymer Link Holdings Berhad (formerly known as Brics Holdings Sdn. Bhd.), which comprise combined statements of financial position as at 30 September 2015 and 30 September 2016, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of Polymer Link Sdn. Bhd. and Polymer Link (Phils.), Inc. for the financial years then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 43 of the Accountants' Report.

These combined financial statements have been prepared for inclusion in the information memorandum of Polymer Link Holdings Berhad (formerly known as Brics Holdings Sdn. Bhd.) ("Information Memorandum") in connection with the proposed listing of and quotation of the enlarged issued and paid-up share capital of Polymer Link Holdings Berhad (formerly known as Brics Holdings Sdn. Bhd.) on the LEAP Market of Bursa Malaysia Securities Berhad ("Proposed Listing"). This report is given for the purposes of complying with the LEAP Market listing requirements issued by Bursa Malaysia Securities Berhad and for no other purpose.

Directors' Responsibility for the Financial Information

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

Auditors' Responsibility

Our responsibility is to express an opinion on the combined financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

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Company No: 1041798-A

Report on the Audit of the Combined Financial Statements (cont'd)

Auditors' Responsibility (cont'd)

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

Opinion

In our opinion, the combined financial statements give a true and fair view of the combined financial position as of 30 September 2015 and 30 September 2016 and of its combined financial performance and cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Other Matter

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

GRANT THORNTON MALAYSIA
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

KHO KIM ENG
(NO: 3137/10/18(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
12 February 2018

Company No: 1041798-A

POLYMER LINK HOLDINGS BERHAD

(formerly known as Brics Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016 AND 30 SEPTEMBER 2015

	Note	30.9.2016 RM	30.9.2015 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,687,364	2,541,854
Current assets			
Inventories	5	2,938,709	1,682,013
Trade receivables	6	356,355	31,118
Other receivables	7	4,974,037	4,464,758
Amount due from a Director	8	6,835	-
Cash and bank balances		534,873	194,867
Total current assets		8,810,809	6,372,756
Total assets		15,498,173	8,914,610
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to common controlling shareholders of the combining entities:-			
Share capital	9	507,596	10,000
Foreign currency translation reserve		1,560	-
Retained earnings		6,232,776	1,493,578
Total equity		6,741,932	1,503,578
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	10	332,642	33,012
Deferred tax liabilities	11	300,000	-
Total non-current liabilities		632,642	33,012
Current liabilities			
Trade payables	12	2,038,090	2,653,166
Other payables	13	3,645,513	2,476,019
Amount due to Directors	8	1,652,864	1,952,407
Finance lease liabilities	10	177,541	11,004
Tax payable		609,591	285,424
Total current liabilities		8,123,599	7,378,020
Total liabilities		8,756,241	7,411,032
Total equity and liabilities		15,498,173	8,914,610

The accompanying notes form an integral part of the combined financial statements.

Company No: 1041798-A

POLYMER LINK HOLDINGS BERHAD

(formerly known as Brics Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2016 AND 30 SEPTEMBER 2015

	Note	2016 RM	2015 RM
Revenue	14	35,413,254	11,832,990
Cost of sales		(27,738,016)	(9,338,706)
Gross profit		7,675,238	2,494,284
Other income		88,912	145,771
Administration expenses		(1,136,989)	(741,377)
Distribution expenses		(24,115)	(7,608)
Other expenses		(56,224)	(100,838)
Finance costs		(12,998)	(1,813)
Profit before tax	15	6,533,824	1,788,419
Tax expense	16	(1,794,626)	(285,424)
Net profit for the financial year		4,739,198	1,502,995
Other comprehensive income: Item that will subsequently be reclassified to profit or loss- foreign currency translation differences		1,560	-
Total comprehensive income for the financial year		4,740,758	1,502,995

The accompanying notes form an integral part of the combined financial statements.

Company No: 1041798-A

POLYMER LINK HOLDINGS BERHAD

(formerly known as Brics Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2016 AND 30 SEPTEMBER 2015

	Note	Share capital RM	(Accumulated loss)/ Retained earnings RM	Foreign currency translation reserve RM	Total RM
Balance as at 1 October 2014		1,000	(9,417)	-	(8,417)
Issuance of ordinary shares		9,000	-	-	9,000
Total comprehensive income for the financial year		-	1,502,995	-	1,502,995
Balance as at 30 September 2015		10,000	1,493,578	-	1,503,578
Issuance of ordinary shares		497,596	-	-	497,596
Foreign currency translation differences		-	-	1,560	1,560
Net profit for the financial year		-	4,739,198	-	4,739,198
Total comprehensive income for the financial year		-	4,739,198	1,560	4,740,758
Balance as at 30 September 2016		507,596	6,232,776	1,560	6,741,932

The accompanying notes form an integral part of the combined financial statements.

Company No: 1041798-A

POLYMER LINK HOLDINGS BERHAD

(formerly known as Brics Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2016 AND 30 SEPTEMBER 2015

		2016	2015
		RM	RM
OPERATING ACTIVITIES			
Profit before tax		6,533,824	1,788,419
Adjustments for:-			
Depreciation		553,106	283,687
Interest expense		12,998	1,813
Interest income		(803)	(77)
Unrealised loss on foreign exchange		43,940	100,838
Operating profit before working capital changes		7,143,065	2,174,680
Changes in working capital:-			
Inventories		(1,256,696)	(1,682,013)
Receivables		(834,516)	(4,495,876)
Payables		536,847	5,024,282
Directors		(306,378)	1,947,154
Cash generated from operations		5,282,322	2,968,227
Interest paid		(12,998)	(1,813)
Tax paid		(1,170,459)	-
Net cash from operating activities		4,098,865	2,966,414
INVESTING ACTIVITIES			
Interest received		803	77
Purchase of property, plant and equipment	A	(4,194,585)	(2,770,541)
Net cash used in investing activities		(4,193,782)	(2,770,464)
FINANCING ACTIVITIES			
Repayment of finance lease liabilities		(59,608)	(10,984)
Proceeds from issuance of ordinary shares		497,596	9,000
Net cash from/(used in) financing activities		437,988	(1,984)

POLYMER LINK HOLDINGS BERHAD

(formerly known as Brics Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2016 AND 30 SEPTEMBER 2015 (CONT'D)

	2016 RM	2015 RM
CASH AND CASH EQUIVALENTS		
Net increase	343,071	193,966
Brought forward	194,867	901
Effect of foreign currency translation differences on cash and cash equivalents	(3,065)	-
Carried forward	534,873	194,867

NOTE TO THE COMBINED STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	2016 RM	2015 RM
Total acquisition cost	4,720,360	2,825,541
Acquired under finance lease arrangements	(525,775)	(55,000)
Total cash acquisition	4,194,585	2,770,541

The accompanying notes form an integral part of the combined financial statements.

POLYMER LINK HOLDINGS BERHAD
(formerly known as Brics Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

These combined financial statements deal solely with the audited combined financial statements of Polymer Link Sdn. Bhd. and Polymer Link (Phils.), Inc. for the financial years ended 30 September 2015 and 30 September 2016. The audited financial statements of Polymer Link Holdings Berhad (formerly known as Brics Holdings Sdn. Bhd.) have not been presented in these combined financial statements as it is not meaningful since it only exists to facilitate the Proposed Listing, and remains dormant. The assets, liabilities, income and expenses of Polymer Link Holdings Berhad (formerly known as Brics Holdings Sdn. Bhd.) for the financial years ended 30 September 2015 and 30 September 2016 are insignificant.

The combined financial statements consist of the financial statements of combining entities as disclosed in Note 24 to the Combined Financial Statements, which were under common control throughout the reporting years by virtue of common controlling shareholders.

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

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

1. GENERAL INFORMATION

Polymer Link Holdings Sdn. Bhd. (formerly known as Brics Holdings Sdn. Bhd.) was a private limited liability company, incorporated and domiciled in Malaysia. On 27 November 2017, it was converted into a public limited company and assumed its present name of Polymer Link Holdings Berhad.

The principal place of business of the Company is located at Lot PT 522, Jalan Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan and the registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal activity of the Company is that of investment holding. The principal activities of the combining entities are disclosed in Note 24 to the Combined Financial Statements. There have been no significant changes in the nature of these activities during the financial years ended 30 September 2015 and 30 September 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

2.2 Basis of measurement

The combined financial statements are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Functional and presentation currency

Items included in the financial statements of each of the combining entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is Ringgit Malaysia ("RM"). The combined financial statements are presented in RM which is the functional and presentation currency of the principal operating combining entity. All financial information is presented in RM and all values are rounded to the nearest RM except when otherwise stated.

2.4 First time adoption of MFRSs

In the previous financial years, the financial statements of the principal combining entity were prepared in accordance with Private Entity Reporting Standards ("PERSs") issued by Malaysian Accounting Standards Board ("MASB").

These are the principal combining entity's first financial statements prepared in accordance with MFRSs and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

Initial adoption of MFRSs did not have material impact to the combined financial statements.

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards issued but not yet effective

The combining entities have not applied the following new standards, amendments to standards and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the combining entities:-

MFRSs and Amendments to MFRSs effective 1 January 2016:

MFRS 10, 12 and 128*	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Investments in Associates and Joint Ventures: Investment Entities – Applying the Consolidation Exception
MFRS 11*	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
MFRS 14*	Regulatory Deferral Accounts
MFRS 101	Presentation of financial statements: Disclosure initiative
MFRS 116*	Property, Plant and Equipment : Agriculture – Bearer Plants
MFRS 116	Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation
MFRS 127*	Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statements
MFRS 138*	Intangible Assets: Clarification of Acceptable Methods of Amortisation
MFRS 141*	Agriculture: Bearer Plants

Annual improvements to MFRSs 2012-2014 Cycle, issued in November 2014*

Amendments to MFRS effective 1 January 2017:

MFRS 107	Statement of Cash Flows: Disclosure Initiative
MFRS 112*	Income taxes: Recognition of Deferred Tax Assets for Unrealised Losses
MFRS 12*	Disclosure of Interests in Other Entities (Under Annual Improvements to MFRS Standards 2014-2016 Cycle)

MFRSs, Amendments to MFRSs and IC Interpretation effective 1 January 2018:

MFRS 9	Financial Instruments (International Financial Reporting Standards ("IFRS") IFRS 9 issued by International Accounting Standards Board ("IASB") in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 7	Financial Instruments – Disclosure: Mandatory effective date of MFRS 9 and transitional disclosures
Amendments to MFRS 2*	Share-based Payment: Classification and Measurement of Share-Based Payment Transactions

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards issued but not yet effective (cont'd)

The combining entities have not applied the following new standards, amendments to standards and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the combining entities (cont'd):-

MFRSs, Amendments to MFRSs and IC Interpretation effective 1 January 2018 (cont'd):

Amendments to MFRS 4*	Insurance Contracts, Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140*	Investment Property: Transfer of Investment Property
Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interests in Other Entities)	
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

MFRS, Amendments to MFRSs and IC Interpretation effective 1 January 2019:

MFRS 16	Leases
Amendments to MFRS 9*	Financial Instruments: Prepayment Features with Negative Compensation
Amendments to MFRS 128*	Investments in Associates and Joint Ventures: Long-term Interest in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle*	

MFRS effective 1 January 2021:

MFRS 17*	Insurance Contracts

Amendments to MFRSs (deferred effective date to be announced by MASB):

MFRS 10 and 128*	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* Not applicable to the combining entities' operations

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards issued but not yet effective (cont'd)

The initial application of the above standards and amendments are not expected to have any financial impacts to the combined financial statements, except for:

MFRS 9 Financial Instruments (cont'd)

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of MFRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions.

Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The combining entities are currently examining the financial impact of adopting MFRS 9.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 presents new requirements for the recognition of revenue, replacing the guidance of MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation ("Int") 13 Customer Loyalty Programmes, IC Int 15 Agreements for Construction of Real Estate, IC Int 18 Transfers of Assets from Customers and IC Int 131 Revenue – Barter Transaction Involving Advertising Services. The principles in MFRS 15 provide a more structured approach to measuring and recognising revenue. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of MFRS 15 will result in a change in accounting policy. The combining entities are currently assessing the financial impact of adopting MFRS 15.

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. As off-balance sheet will no longer be allowed except for some limited practical exemptions, all leases will be brought onto the statement of financial position by recognising a "right-of-use" asset and a lease liability. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its combined statements of financial position are expected to increase substantially.

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards issued but not yet effective (cont'd)

The initial application of the above standards and amendments are not expected to have any financial impacts to the combined financial statements, except for (cont'd):

MFRS 16 Leases (cont'd)

MFRS 16 also:
- changes the definition of a lease;
- sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods;
- changes the accounting for sale and leaseback arrangements;
- largely retains MFRS 117's approach to lessor accounting; and
- introduces new disclosure requirements.

The adoption of MFRS 16 will result in a change in accounting policy. The combining entities are currently assessing the financial impact of adopting MFRS 16.

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures that enable users of combined financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the combined statements of financial position for liabilities arising from financing activities.

2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the combined financial statements. They affect the application of the combining entities' accounting policies and reported amounts of assets, liabilities, income and expenses and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 5 to 25 years and reviews the useful lives of depreciable assets at each reporting date. At the reporting date, the management assesses that the useful lives represent the expected utility of the assets to the combining entities. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the combining entities' assets.

The carrying amount of the combining entities' property, plant and equipment at the reporting date is disclosed in Note 4 to the Combined Financial Statements.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The combining entities' core business is subject to economical and technology changes which may cause selling prices to change rapidly, and the combining entities' profits to change.

The carrying amount of the combining entities' inventories at the reporting date is disclosed in Note 5 to the Combined Financial Statements.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the combining entities' assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Impairment of loans and receivables

The combining entities assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the combining entities consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

The carrying amounts of the combining entities' loans and receivables at the reporting date are summarised in Notes 6, 7 and 8 to the Combined Financial Statements.

Income taxes and deferred tax liabilities

Significant judgement is involved in determining the combining entities' provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The combining entities recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES

The combining entities apply the significant accounting policies, as summarised below, consistently throughout all years presented in the combining financial statements and in preparing the principal combining entity's opening MFRSs statement of financial position at 1 October 2014 (the transition date to MFRSs framework), unless otherwise stated.

3.1 Basis of consolidation

3.1.1 Common control business combination

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

3.1.1 Common control business combination (cont'd)

For such common control business combinations, the merger accounting principles are used to account for the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

Under the merger method of accounting, the results of combining entities are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the end of transfer. On combination, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference are classified and presented as movement in other capital reserves.

The effect of all transactions and balances between the combining entities, whether occurring before or after the combination, are eliminated in preparing the combined financial statements.

3.2 Foreign currency translation

3.2.1 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

3.2 Foreign currency translation (cont'd)

3.2.1 Foreign currency transactions and balances (cont'd)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.2.2 Foreign operations

The assets and liabilities of the operation denominated in a functional currency other than RM, are translated to RM at the exchange rate at the end of the reporting year. The income and expenses of the foreign operation are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

3.3 Property, plant and equipment

All property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the combining entities and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the assets to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in profit or loss as incurred.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

3.3 **Property, plant and equipment (cont'd)**

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful lives. Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Computers	20%
Furniture and fittings	10%
Renovation	10%
Machinery and equipment	10%
Office equipment	10%
Motor vehicles	10%
Leasehold building	4%

The residual values, useful lives and depreciation method are reviewed at least annually to ensure that the amount, method and rates of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

3.4 **Inventories**

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

Costs of raw materials are determined on weighted average basis. The cost of raw materials, finished goods and packing materials comprise the original costs of purchase plus all expenses incurred in bringing the inventories to their present location and condition.

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

3.5 **Financial instruments**

3.5.1 **Initial recognition and measurement**

Financial assets and financial liabilities are recognised when any of the combining entities becomes a party to the contractual provisions of the financial instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

3.5.1 Initial recognition and measurement (cont'd)

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below:-

3.5.2 Financial assets – categorisation and subsequent measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

(a) loans and receivables;
(b) financial assets at fair value through profit or loss;
(c) held to maturity investments; and
(d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least once at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

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

At the reporting date, the combining entities carry only loans and receivables on their statements of financial position.

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

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

3.5.2 **Financial assets – categorisation and subsequent measurement (cont'd)**

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less allowance for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The combining entities' cash and cash equivalents, trade and other receivables and amount due from a Director fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting year which are classified as non-current assets.

3.5.3 **Financial liabilities**

After the initial recognition, financial liabilities are classified as:-

(a) financial liabilities at fair value through profit or loss;
(b) other financial liabilities measured at amortised cost; and
(c) financial guarantee contracts.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, 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.

At the reporting date, the combining entities carries only other financial liabilities measured at amortised cost on their statements of financial position.

Other financial liabilities measured at amortised cost

The combining entities' other financial liabilities include finance lease liabilities, trade and other payables and amount due to Directors.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Other financial liabilities are classified as current liabilities unless the combining entities has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

3.5.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.6 Impairment of assets

3.6.1 Non-financial assets

The combining entities assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the combining entities estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The combining entities base their impairment calculation on detailed budgets and forecast calculations which are prepared separately for each individual classification of assets. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the combining entities estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

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

3.6 **Impairment of assets (cont'd)**

3.6.2 **Financial assets**

The combining entities assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable date indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the combining entities consider factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments. Objective evidence of impairment for a portfolio of receivables could include the combining entities' past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, bank balances, short-term demand deposits and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current assets.

3.8 Equity and reserves

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

(Accumulated loss)/retained earnings include all current and prior years' profits/losses.

All transactions with owners of the combining entities are recorded separately within equity.

3.9 Employees benefits

3.9.1 Short term employees benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by the employees of the combining entities. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

3.9.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the combining entities pay fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the combining entities and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

3.10.1 Sales of goods

Revenue from sales of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3.10.2 Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

3.11 Income taxes

Income taxes on the profit or loss for the financial year comprise current tax and deferred tax.

3.11.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the combined statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.11.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11.2 Deferred tax (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.12 Goods and services tax

Goods and services tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the combining entities paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses and assets are recognised net of the amount of GST except:

(a) where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and

(b) receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the combined statements of financial position.

3.13 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Provisions (cont'd)

Any reimbursement that the combining entities can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a finance cost.

3.14 Borrowing costs

All borrowing costs are expensed in the year in which they incurred. Borrowing costs consist of interest and other costs that the combining entities incurred in connection with the borrowing of funds.

3.15 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3.15.1 Finance leases

Leases in terms of which the combining entities assume substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining terms of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the combining entities will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Leases (cont'd)

3.15.2 Operating leases

Leases, where the combining entities do not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expenses, over the terms of the lease. Contingent rentals are charged to profit or loss in the reporting year in which they incurred.

3.16 Related parties

A related party is a person or entity that is related to a combined entity. A related party transaction is a transfer of resources, services or obligations between a combining entity and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to a combining entity if that person:

  (i) has control or joint control over the combining entity; or
  (ii) has significant influence over the combining entity; or
  (iii) is a member of the key management personnel of the combining entity.

(b) An entity is related to a combining entity if any of the following conditions applies:

  (i) the entity and the combining entity are members of the same group; or
  (ii) one entity is an associate or joint venture of the other entity; or
  (iii) both entities are joint ventures of the same third party; or
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
  (v) the entity is a post-employment benefit plan for the benefits of employees of either the combining entity or an entity related to the combining entity; or
  (vi) the entity is controlled or jointly-controlled by a person identified in (a) above; or
  (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the combining entity; or
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the combining entity.

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold building RM	Computers RM	Furniture and fittings RM	Renovation RM	Machinery and equipment RM	Office equipment RM	Motor vehicles RM	Total RM
Cost								
At 1 October 2014	-	-	-	-	-	-	-	-
Additions	-	11,333	6,816	143,674	2,560,932	27,726	75,060	2,825,541
At 30 September 2015	-	11,333	6,816	143,674	2,560,932	27,726	75,060	2,825,541
Additions	2,410,878	3,508	17,505	171,332	2,029,652	8,875	78,610	4,720,360
Foreign currency translation differences	(22,093)	-	-	-	-	-	-	(22,093)
At 30 September 2016	2,388,785	14,841	24,321	315,006	4,590,584	36,601	153,670	7,523,808
Accumulated depreciation								
At 1 October 2014	-	-	-	-	-	-	-	-
Charge for the financial year	-	2,267	682	14,367	256,093	2,772	7,506	283,687
At 30 September 2015	-	2,267	682	14,367	256,093	2,772	7,506	283,687
Charge for the financial year	38,120	2,968	2,432	31,501	459,058	3,660	15,367	553,106
Foreign currency translation differences	(349)	-	-	-	-	-	-	(349)
At 30 September 2016	37,771	5,235	3,114	45,868	715,151	6,432	22,873	836,444
Net carrying amount								
At 30 September 2016	2,351,014	9,606	21,207	269,138	3,875,433	30,169	130,797	6,687,364
At 30 September 2015	-	9,066	6,134	129,307	2,304,839	24,954	67,554	2,541,854

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

Machinery and equipment and motor vehicles with net carrying amounts of RM587,521 (30.9.2015: Nil) and RM130,797 (30.9.2015: RM67,554) respectively are financed under finance lease arrangements.

5. INVENTORIES

	30.9.2016 RM	30.9.2015 RM
At cost:-		
Raw materials	2,575,649	1,214,947
Finished goods	314,947	447,938
Packing materials	48,113	19,128
	2,938,709	1,682,013
Inventories recognised as cost of sales	24,369,954	7,849,937

6. TRADE RECEIVABLES

The combining entities' normal trade credit terms are 30 days (30.9.2015: 30 days).

Included in trade receivables is an amount of RM2,563 (30.9.2015: Nil) due from a company connected to certain Directors of a combining entity. The amount is unsecured and interest free.

7. OTHER RECEIVABLES

	30.9.2016 RM	30.9.2015 RM
Non-trade receivables	2,023,725	361,439
Deposits	469,182	224,400
Prepayments	2,481,130	3,878,919
	4,974,037	4,464,758

8. AMOUNTS DUE FROM/(TO) DIRECTORS

The amounts due from/(to) Directors are non-trade in nature, unsecured, interest free and repayable on demand.

9. SHARE CAPITAL

	Number of shares		Amount	
	30.9.2016	30.9.2015	30.9.2016 RM	30.9.2015 RM
Issued and fully paid:-				
Ordinary shares				
At beginning of the financial year	10,000	1,000	10,000	1,000
Issued during the financial year	490,900	9,000	497,596	9,000
At end of the financial year	500,900	10,000	507,596	10,000

10. FINANCE LEASE LIABILITIES

	30.9.2016 RM	30.9.2015 RM
Minimum lease payments:		
- within 1 year	207,576	12,840
- after 1 year but less than 5 years	355,314	38,520
	562,890	51,360
Less: interest in suspense	(52,707)	(7,344)
	510,183	44,016
Present value of minimum lease payments:		
- within 1 year	177,541	11,004
- after 1 year but less than 5 years	332,642	33,012
	510,183	44,016

The finance lease liabilities bear effective interest ranging from 3.33% to 3.70% (30.9.2015: 3.33%) per annum.

11. DEFERRED TAX LIABILITIES

	30.9.2016 RM	30.9.2015 RM
At beginning of financial year	-	-
Recognised in profit or loss	300,000	-
At end of financial year	300,000	-

11. DEFERRED TAX LIABILITIES (CONT'D)

The components of deferred tax liabilities are made up of tax effects on temporary differences arising from:-

	30.9.2016 RM	30.9.2015 RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	300,000	-

12. TRADE PAYABLES

The normal trade credit terms granted by the trade payables range from 60 to 90 days (30.9.2015: 60 to 90 days) and are non-interest bearing.

13. OTHER PAYABLES

	30.9.2016 RM	30.9.2015 RM
Non-trade payables	3,169,503	2,371,143
Accruals	476,010	104,876
	3,645,513	2,476,019

Included in non-trade payables are the following amounts:

	30.9.2016 RM	30.9.2015 RM
Amount due to a person connected to certain Directors	835,045	998,379
Amount due to certain Directors of a combining entity	880,328	1,043,662

The above amounts are unsecured, interest free and repayable on demand.

14. REVENUE

Revenue represents the invoiced value of goods sold, net of discounts, returns and GST.

15. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting) amongst other items, the following items:-

	2016 RM	2015 RM
Auditors' remuneration	9,000	8,000
Directors' remuneration	287,579	149,736
Depreciation	553,106	283,687
Realised gain on foreign exchange	(69,133)	(145,694)
Unrealised loss on foreign exchange	43,940	100,838
Interest expense – finance leases	12,998	1,813
Interest income	(803)	(77)
Rental of equipment	1,426	238
Rental of factory	474,000	454,250
Rental of land	67,106	-
Rental of premises	36,000	34,500

16. TAX EXPENSE

	2016 RM	2015 RM
Current tax:		
- Current year provision	1,494,626	285,424
Deferred tax:		
- Current year provision	135,000	-
- Under provision in prior year	165,000	-
	300,000	-
Total tax expense	1,794,626	285,424

Malaysian income tax is calculated at the statutory rate of 24% (2015: 25%) of the estimated assessable profits.

16. TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit before tax at the statutory tax rate and effective tax expense of the combining entities are as follows:-

	2016 RM	2015 RM
Profit before tax	6,533,824	1,788,419
Income tax at statutory tax rate of 24% (2015: 25%)	1,568,118	447,105
Tax effects in respect of:-		
Expenses not deductible for tax purposes	56,206	28,319
Tax saving due to first RM500,000 taxed at 19% (2015: 20%)	(25,000)	(25,000)
Under provision in prior year	165,000	-
Deferred tax liabilities not recognised	-	(165,000)
Effect of tax rate differences in foreign jurisdictions	30,302	-
Effective tax expense	1,794,626	285,424

17. EMPLOYEES BENEFIT EXPENSES

	2016 RM	2015 RM
Directors' remuneration	287,579	149,736
Salaries, bonus and other emoluments	885,907	549,150
Social security contributions	1,975	1,229
Defined contribution plan	45,033	49,474
Other benefits	65,381	38,284
	1,285,875	787,873

18. COMMITMENTS

Capital commitments

	2016 RM
Authorised and contracted for:	
- Property, plant and equipment	719,047

18. COMMITMENTS (CONT'D)

Operating lease commitments

The future minimum lease payments under non-cancellable operating leases as at the reporting date are as follows:-

	2016 RM
Within 1 year	105,366
More than 1 year but less than 5 years	1,228,468
More than 5 years	6,873,483
	8,207,317

Operating lease commitments represent rental payable for land. The lease has a tenure of 25 years with renewal option, and include annual escalation rate.

19. EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the financial year is calculated by dividing the net profit for the financial year attribute to common controlling shareholders of the combining entities over the weighted average number of ordinary shares in issue of the combining entities during the financial years as follows:

	30.9.2016 RM	30.9.2015 RM
Net profit attributable to common controlling shareholders of the combining entities	4,739,198	1,502,995
Weighted average number of ordinary shares	459,617	10,000
Basic earnings per share	10.31	150.30

(b) Diluted

Diluted earnings per share equals basic earnings per share because there are no potentially dilutive instruments in existence as at the end of each reporting year.

20. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of the combined financial statements, parties are considered to be related to the combining entities if the combining entities have the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where combining entities and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the combining entities either directly or indirectly. The key management personnel comprise the Directors of the combining entities.

(b) Significant related party transactions

Significant related party transaction during the financial year is as follows:-

	2016 RM	2015 RM
Sales to a company connected to the Directors of a combining entity	33,161,360	10,415,921

The Directors of the combining entities are of the opinion that the above transaction was entered into in the normal course of business and was established under negotiated basis.

(c) Compensation of key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the combining entities either directly or indirectly.

	2016 RM	2015 RM
Directors' remuneration:		
Salaries, bonus and other emoluments	256,500	133,167
Social security contributions	1,379	568
Defined contribution plan	29,700	16,001
	287,579	149,736
Other key management personnel:		
Salaries, bonus and other emoluments	303,000	329,500
Social security contributions	1,285	775
Defined contribution plan	35,280	43,790
	339,565	374,065
Total	627,144	523,801

21. OPERATING SEGMENT

The combined entities are principally involved in the manufacturing and trading of compounded and powdered plastics.

No product and services segment information is presented as the Chief Operating Decision Maker ("CODM") views the combining entities as a single reportable segment.

(a) Geographical information

Segment revenue is based on geographical location from which the sales transactions originated.

Segment assets are based on the geographical location of the assets of the combining entities.

The following are revenue from external customers by geographical location with revenue equal or more than ten percent (10%) of the combining entities revenue:

	2016 RM	2015 RM
Revenue from external customers:-		
Malaysia	2,251,893	1,417,069
Philippines	33,161,361	10,415,921
	35,413,254	11,832,990
Non-current assets:-		
Malaysia	4,336,350	2,541,854
Philippines	2,351,014	-
	6,687,364	2,541,854

(b) Major customer

There is only one major customer contributing approximately RM33,161,361 (30.9.2015: RM10,415,921) of the revenue of the combining entities, which equals to ten percent (10%) or more of total revenue.

22. FINANCIAL INSTRUMENTS

22.1 Financial risk management

The combining entities are exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the combining entities' business whilst managing its risks. The combining entities operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the combining entities and the policies in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

Credit risk is the risk of a financial loss to the combining entities if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

It is the combining entities' policy to enter into financial instrument with a diversity of creditworthy counterparties. The combining entities do not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the combining entities' total credit exposure. The combining entities' portfolio of financial instrument is broadly diversified and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the combining entities' policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The combining entities do not offer credit terms without the approval from the head of credit control.

Following are the areas where the combining entities are exposed to credit risk:-

Receivables

As at the end of the reporting year, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts as stated in the combined statements of financial position.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the combining entities. The combining entities use aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

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22. FINANCIAL INSTRUMENTS (CONT'D)

22.1 Financial risk management (cont'd)

The main areas of financial risks faced by the combining entities and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Receivables (cont'd)

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the combining entities.

At the reporting date, trade receivables of RM121,311 (30.9.2015: RM8,594) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:-

30.9.2016	Gross RM	Individually impaired RM	Net RM
Not past due	235,044	-	235,044
Past due 1 - 30 days	69,372	-	69,372
Past due 31 - 60 days	34,185	-	34,185
Past due more than 60 days	17,754	-	17,754
	356,355	-	356,355

30.9.2015	Gross RM	Individually impaired RM	Net RM
Not past due	22,524	-	22,524
Past due 1 - 30 days	8,586	-	8,586
Past due 31 - 60 days	8	-	8
	31,118	-	31,118

In respect of trade and other receivables, the combining entities are not exposed to any significant credit risk exposure to any single counterparty or any combining entities of counterparties having similar characteristics other than 35% (30.9.2015: 48%) of trade receivables are due from 1 (30.9.2015: 1) customer. Trade receivables consist of several customers of various backgrounds. Based on historical information about customer's default rates, the management considers the credit quality of trade receivables that are not past due or impaired to be good.

22. FINANCIAL INSTRUMENTS (CONT'D)

22.1 Financial risk management (cont'd)

The main areas of financial risks faced by the combining entities and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Receivables (cont'd)

The net carrying amount of receivables is considered a reasonable approximation of fair value. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above.

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(b) Liquidity risk

Liquidity risk is the risk that the combining entities will not be able to meet their financial obligations as and when they fall due, due to shortage of funds.

In managing their exposures to liquidity risk which arises principally from their various payables, the combining entities maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities as and when they fall due.

At the reporting date, the combining entities' non-derivative financial liabilities which have contractual maturities (including interest payments) are summarised below:-

	Carrying amount RM	Contractual cash flow RM	Less than 1 year RM	Between 1 and 5 years RM
30.9.2016				
Secured				
Finance lease liabilities	510,183	562,890	207,576	355,314
Unsecured				
Trade payables	2,038,090	2,038,090	2,038,090	-
Other payables	3,645,513	3,645,513	3,645,513	-
Amount due to Directors	1,652,864	1,652,864	1,652,864	-
	7,336,467	7,336,467	7,336,467	-
Total	7,846,650	7,899,357	7,544,043	355,314

22. FINANCIAL INSTRUMENTS (CONT'D)

22.1 Financial risk management (cont'd)

The main areas of financial risks faced by the combining entities and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) Liquidity risk (cont'd)

At the reporting date, the combining entities' non-derivative financial liabilities which have contractual maturities (including interest payments) are summarised below (cont'd):-

	Carrying amount RM	Contractual cash flow RM	Less than 1 year RM	Between 1 and 5 years RM
30.9.2015				
Secured				
Finance lease liabilities	44,016	51,360	12,840	38,520
Unsecured				
Trade payables	2,653,166	2,653,166	2,653,166	-
Other payables	2,476,019	2,476,019	2,476,019	-
Amount due to Directors	1,952,407	1,952,407	1,952,407	-
	7,081,592	7,081,592	7,081,592	-
Total	7,125,608	7,132,952	7,094,432	38,520

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the combining entities' financial instruments will fluctuate because of changes in market interest rates.

The combining entities' fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates.

The combining entities' interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the combining entities manage their debts based on assessment of their existing exposures and desired interest rate profiles.

22. FINANCIAL INSTRUMENTS (CONT'D)

22.1 Financial risk management (cont'd)

The main areas of financial risks faced by the combining entities and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) Interest rate risk (cont'd)

The interest rate profile of the combining entities' significant interest-bearing financial instruments, based on carrying amounts as at reporting date is as follows:-

	30.9.2016	30.9.2015
	RM	RM
Fixed rate instrument		
Finance lease liabilities	510,183	44,016

The combining entities do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the financial year would not affect profit or loss.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The combining entities are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currencies of the combining entities. The currency giving rise to this is primarily United States Dollar ("USD").

Carrying amounts of the combining entities' exposure to foreign currency risk is as follows:-

	30.9.2016	30.9.2015
	RM	RM
Denominated in USD		
Cash and bank balances	411,258	74,737
Other receivables	272,873	-
Trade payables	(1,475,291)	(1,987,605)
Other payables	(166,290)	(280,893)
Amount due to Directors	(109,604)	-
	(1,067,054)	(2,193,761)

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the combining entities' exposure to foreign currency risk.

22. FINANCIAL INSTRUMENTS (CONT'D)

22.1 Financial risk management (cont'd)

The main areas of financial risks faced by the combining entities and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(d) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis:

The following table demonstrates the sensitivity of the combining entities' net profit for the financial year to a reasonably possible change in the USD against the functional currency of the combining entities, with all other variables held constant:-

	Net profit for the financial year	
	30.9.2016	30.9.2015
	RM	RM
USD/RM		
- Strengthened 9.0% (30.9.2015: 9.7%)	(96,035)	(212,795)
- Weakened 9.0% (30.9.2015: 9.7%)	96,035	212,795

22.2 Fair value of financial instruments

The carrying amounts of financial assets and liabilities of the combining entities at the reporting date approximate their fair values due to their short term nature and insignificant impact of discounting.

22.3 Fair value hierarchy

No fair value hierarchy has been disclosed as the combining entities do not have financial instruments measured at fair value.

23. CAPITAL MANAGEMENT

The primary objective of the combining entities' capital management is to ensure that they maintains strong credit ratings and healthy capital ratios in order to support their businesses and maximise shareholders' value.

The combining entities manage their capital structures and makes adjustments to them in light of changes in economic conditions. To maintain or adjust their capital structures, the combining entities may adjust the dividend payment to shareholders, return capital to shareholders, sell assets to reduce debts or issue new share capital.

There were no changes in the combining entities' approach to capital management during the financial year.

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24. COMBINING ENTITIES

Details of the combining entities are as follows:-

Name of the combining entities	Country of incorporation	Date of incorporation	Principal activities/ Intended principal activities
Polymer Link Sdn. Bhd.	Malaysia	27 September 2011	Developing and manufacturing plastic compound and powder and providing contract manufacturing services for plastic compound and powder
Polymer Link (Phils.), Inc. *	Philippines	14 April 2016	Manufacturing plastic compound and powder and providing contract manufacturing services for plastic compound and powder

* The financial statements of this company were audited by a member firm of Grant Thornton International Ltd.

25. COMPARATIVE INFORMATION

Polymer Link (Phils.), Inc. was only incorporated 14 April 2016. Consequently, the previous reporting year only reflects the audited financial statements of Polymer Link Sdn. Bhd..

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POLYMER LINK HOLDINGS BERHAD
(formerly known as Brics Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying combined financial statements set out on pages 3 to 43 are drawn up in accordance with Malaysia Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the combined financial position as at 30 September 2016 and 30 September 2015, and of its combined financial performance and cash flows for the financial years then ended.

....	....
KOH TAT CHUAN	KOH TAT WEI

Kuala Lumpur
12 February 2018

APPENDIX II

AUDITORS' REPORTS AND COMBINED FINANCIAL STATEMENTS OF POLYMER LINK HOLDINGS FOR FYE 2017

Company No: 1041798-A

Stamped for the purpose of identification on:
30 MAR 2018
Grant Thornton Malaysia

POLYMER LINK HOLDINGS BERHAD

(formerly known as Brics Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

REPORTS AND COMBINED FINANCIAL STATEMENTS

30 SEPTEMBER 2017

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INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF

POLYMER LINK HOLDINGS BERHAD
(formerly known as Brics Holdings Sdn. Bhd.)
(Incorporated in Malaysia)
Company No: 1041798-A

Grant Thornton Malaysia
(AF:0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
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Report on the Audit of the Combined Financial Statements

These combined financial statements have been prepared for inclusion in the information memorandum of Polymer Link Holdings Berhad (formerly known as Brics Holdings Sdn. Bhd.) ("Information Memorandum") in connection with the proposed listing of and quotation of the enlarged issued and paid-up share capital of Polymer Link Holdings Berhad (formerly known as Brics Holdings Sdn. Bhd.) on the LEAP Market of Bursa Malaysia Securities Berhad ("Proposed Listing"). This report is given for the purposes of complying with the LEAP Market listing requirements issued by Bursa Malaysia Securities Berhad and for no other purpose.

Opinion

We have audited the combined financial statements of Polymer Link Holdings Berhad (formerly known as Brics Holdings Sdn. Bhd.), which comprise combined statement of financial position as at 30 September 2017, combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows of Polymer Link Sdn. Bhd. and Polymer Link (Phils.), Inc. for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 4 to 37 of the Accountant's Report.

In our opinion, the combined financial statements give a true and fair view of the combined financial position as of 30 September 2017, and of its combined financial performance and combined cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Company No: 1041798-A

Report on the Audit of the Combined Financial Statements (cont'd)

Responsibilities of the Directors for the Combined Financial Statements

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

In preparing the combined financial statements, the Directors are responsible for assessing the combining entities' abilities to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate combining entities or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

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

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

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the combining entities' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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Company No: 1041798-A

Report on the Audit of the Combined Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Combined Financial Statements (cont'd)

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the combining entities' abilities to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the combining entities to cease to continue as going concerns.

- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information or business activities of the combining entities to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the audit of the combined financial statements. We remain solely responsible for our audit opinion.

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

Other Matter

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

GRANT THORNTON MALAYSIA
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

KHO KIM ENG
(NO: 3137/10/18(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
30 March 2018

Company No: 1041798-A

POLYMER LINK HOLDINGS BERHAD

(formerly known as Brics Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

COMBINED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Note	30.9.2017 RM	30.9.2016 RM
ASSETS			
Non-current asset			
Property, plant and equipment	4	9,636,431	6,687,364
Current assets			
Inventories	5	5,203,641	2,938,709
Trade receivables	6	766,360	356,355
Other receivables	7	716,642	4,974,037
Amount due from a Director	8	-	6,835
Fixed deposit with a licensed bank	9	653,400	-
Cash and bank balances		1,814,514	534,873
Total current assets		9,154,557	8,810,809
Total assets		18,790,988	15,498,173
EQUITY			
Equity attributable to common controlling shareholders of the combining entities:-			
Share capital	10	507,596	507,596
Foreign currency translation reserve		19,353	1,560
Retained earnings		10,483,826	6,232,776
Total equity		11,010,775	6,741,932
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	11	353,797	332,642
Deferred tax liabilities	12	247,598	300,000
Total non-current liabilities		601,395	632,642
Current liabilities			
Trade payables	13	1,508,882	2,038,090
Other payables	14	3,416,757	3,645,513
Amount due to Directors	8	1,537,978	1,652,864
Finance lease liabilities	11	361,859	177,541
Tax payable		353,342	609,591
Total current liabilities		7,178,818	8,123,599
Total liabilities		7,780,213	8,756,241
Total equity and liabilities		18,790,988	15,498,173

The accompanying notes form an integral part of the combined financial statements.

POLYMER LINK HOLDINGS BERHAD
(formerly known as Brics Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 RM	2016 RM
Revenue	15	41,045,405	35,413,254
Cost of sales		(32,318,387)	(27,738,016)
Gross profit		8,727,018	7,675,238
Other income		111,906	88,912
Administration expenses		(2,270,539)	(1,136,989)
Distribution expenses		(16,089)	(24,115)
Other expenses		(653,404)	(56,224)
Finance costs		(64,334)	(12,998)
Profit before tax	16	5,834,558	6,533,824
Tax expense	17	(1,583,508)	(1,794,626)
Net profit for the financial year		4,251,050	4,739,198
Other comprehensive income: Item that will subsequently reclassify to profit or loss- foreign currency translation differences		17,793	1,560
Total comprehensive income for the financial year		4,268,843	4,740,758

The accompanying notes form an integral part of the combined financial statements.

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POLYMER LINK HOLDINGS BERHAD
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COMBINED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

	Share capital RM	Retained earnings RM	Foreign currency translation reserve RM	Total RM
Balance as at 1 October 2015	10,000	1,493,578	-	1,503,578
Issuance of ordinary shares	497,596	-	-	497,596
Foreign currency translation differences	-	-	1,560	1,560
Net profit for the financial year	-	4,739,198	-	4,739,198
Total comprehensive income for the financial year	-	4,739,198	1,560	4,740,758
Balance as at 30 September 2016	507,596	6,232,776	1,560	6,741,932
Foreign currency translation differences	-	-	17,793	17,793
Net profit for the financial year	-	4,251,050	-	4,251,050
Total comprehensive income for the financial year	-	4,251,050	17,793	4,268,843
Balance as at 30 September 2017	507,596	10,483,826	19,353	11,010,775

The accompanying notes form an integral part of the combined financial statements.

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POLYMER LINK HOLDINGS BERHAD

(formerly known as Brics Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

	2017	2016
	RM	RM
OPERATING ACTIVITIES		
Profit before tax	5,834,558	6,533,824
Adjustments for:-		
Depreciation	857,045	553,106
Gain on disposal of property, plant and equipment	(4,602)	-
Interest expense	64,334	12,998
Interest income	(8,771)	(803)
Unrealised loss on foreign exchange	573,941	43,940
Operating profit before working capital changes	7,316,505	7,143,065
Changes in working capital:-		
Inventories	(2,369,969)	(1,256,696)
Receivables	3,949,713	(834,516)
Payables	(1,104,589)	536,847
Directors	(108,051)	(306,378)
Cash generated from operations	7,683,609	5,282,322
Interest paid	(64,334)	(12,998)
Tax paid	(1,890,848)	(1,170,459)
Net cash from operating activities	5,728,427	4,098,865
INVESTING ACTIVITIES		
Interest received	8,771	803
Placement of fixed deposit with a licensed bank	(653,400)	-
Proceeds from disposal of property, plant and equipment	32,602	-
Purchase of property, plant and equipment (Note A)	(3,510,206)	(4,194,585)
Net cash used in investing activities	(4,122,233)	(4,193,782)
FINANCING ACTIVITIES		
Repayment of finance lease liabilities	(319,059)	(59,608)
Proceeds from issuance of ordinary shares	-	497,596
Net cash (used in)/from financing activities	(319,059)	437,988

POLYMER LINK HOLDINGS BERHAD

(formerly known as Brics Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 (CONT'D)

	2017 RM	2016 RM
CASH AND CASH EQUIVALENTS		
Net increase	1,287,135	343,071
Brought forward	534,873	194,867
Effect of foreign currency translation differences on cash and cash equivalents	(7,494)	(3,065)
Carried forward	1,814,514	534,873

NOTE TO THE COMBINED STATEMENT OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	2017 RM	2016 RM
Total acquisition cost	4,037,164	4,720,360
Acquired under finance lease arrangements	(526,958)	(525,775)
Total cash acquisition	3,510,206	4,194,585

The accompanying notes form an integral part of the combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

These combined financial statements deal solely with the audited combined financial statements of Polymer Link Sdn. Bhd. and Polymer Link (Phils.), Inc. for the financial year ended 30 September 2017. The audited financial statements of Polymer Link Holdings Berhad (formerly known as Brics Holdings Sdn. Bhd.) have not been presented in these combined financial statements as it is not meaningful since it only exists to facilitate the Proposed Listing, and remains dormant. The assets, liabilities, income and expenses of Polymer Link Holdings Berhad (formerly known as Brics Holdings Sdn. Bhd.) for the financial year ended 30 September 2017 are insignificant.

The combined financial statements consist of the financial statements of combining entities as disclosed in Note 25 to the Combined Financial Statements, which were under common control throughout the reporting year by virtue of common controlling shareholders.

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

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

1. GENERAL INFORMATION

Polymer Link Holdings Sdn. Bhd. (formerly known as Brics Holdings Sdn. Bhd.) was a private limited liability company, incorporated and domiciled in Malaysia. On 27 November 2017, it was converted into a public limited company and assumed its present name of Polymer Link Holdings Berhad.

The principal place of business of the Company is located at Lot PT 522, Jalan Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan and the registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal activity of the Company is that of investment holding. The principal activities of the combining entities are disclosed in Note 25 to the Combined Financial Statements. There have been no significant changes in the nature of these activities during the financial year ended 30 September 2017.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

2. **BASIS OF PREPARATION (CONT'D)**

2.2 **Basis of measurement**

The combined financial statements are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 **Functional and presentation currency**

Items included in the financial statements of each of the combining entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is Ringgit Malaysia ("RM"). The combined financial statements are presented in RM which is the functional and presentation currency of the principal operating combining entity. All financial information is presented in RM and all values are rounded to the nearest RM except when otherwise stated.

2.4 **Standards issued but not yet effective**

The combining entities have not applied the following new standards, amendments to standards and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the combining entities:-

Amendments to MFRS effective 1 January 2017:

MFRS 12*	Disclosure of Interests in Other Entities (Under Annual Improvements to MFRS Standards 2014-2016 Cycle)
MFRS 107	Statement of Cash Flows: Disclosure Initiative
MFRS 112*	Income taxes: Recognition of Deferred Tax Assets for Unrealised Losses

MFRSs, Amendments to MFRSs and IC Interpretation effective 1 January 2018:

MFRS 9	Financial Instruments (International Financial Reporting Standards ("IFRS") IFRS 9 issued by International Accounting Standards Board ("IASB") in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2*	Share-based Payment: Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4*	Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 7	Financial Instruments – Disclosure: Mandatory Effective Date of MFRS 9 and Transition Disclosures
Amendments to MFRS 140*	Investment Property: Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interests in Other Entities)*

2. BASIS OF PREPARATION (CONT'D)

2.4 Standards issued but not yet effective (cont'd)

The combining entities have not applied the following new standards, amendments to standards and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the combining entities (cont'd):-

MFRS, Amendments to MFRSs and IC Interpretation effective 1 January 2019:

MFRS 16	Leases
Amendments to MFRS 9*	Financial Instruments: Prepayment Features with Negative Compensation
Amendments to MFRS 119*	Employee Benefits
Amendments to MFRS 128*	Investments in Associates and Joint Ventures: Long-term Interest in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle*	

MFRS effective 1 January 2021:

MFRS 17*	Insurance Contracts

Amendments to MFRSs (deferred effective date to be announced by MASB):

MFRS 10 and 128*	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* Not applicable to the combining entities' operations

The initial application of the above standards and amendments are not expected to have any financial impacts to the combined financial statements, except for:

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of MFRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions.

Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The combining entities are currently examining the financial impact of adopting MFRS 9.

2. **BASIS OF PREPARATION (CONT'D)**

2.4 **Standards issued but not yet effective (cont'd)**

MFRS 15 Revenue from Contracts with Customers

MFRS 15 presents new requirements for the recognition of revenue, replacing the guidance of MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation ("Int") 13 Customer Loyalty Programmes, IC Int 15 Agreements for Construction of Real Estate, IC Int 18 Transfers of Assets from Customers and IC Int 131 Revenue – Barter Transaction Involving Advertising Services. The principles in MFRS 15 provide a more structured approach to measuring and recognising revenue. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of MFRS 15 will result in a change in accounting policy. The combining entities are currently assessing the financial impact of adopting MFRS 15.

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. As off-balance sheet will no longer be allowed except for some limited practical exemptions, all leases will be brought onto the statement of financial position by recognising a "right-of-use" asset and a lease liability. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its combined statement of financial position are expected to increase substantially.

MFRS 16 also:
- changes the definition of a lease;
- sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods;
- changes the accounting for sale and leaseback arrangements;
- largely retains MFRS 117's approach to lessor accounting; and
- introduces new disclosure requirements.

The adoption of MFRS 16 will result in a change in accounting policy. The combining entities are currently assessing the financial impact of adopting MFRS 16.

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures that enable users of combined financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the combined statement of financial position for liabilities arising from financing activities.

2. **BASIS OF PREPARATION (CONT'D)**

2.5 **Significant accounting estimates and judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the combined financial statements. They affect the application of the combining entities' accounting policies and reported amounts of assets, liabilities, income and expenses and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.5.1 **Estimation uncertainty**

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 5 to 25 years and reviews the useful lives of depreciable assets at each reporting date. At the reporting date, the management assesses that the useful lives represent the expected utility of the assets to the combining entities. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the combining entities' assets.

The carrying amount of the combining entities' property, plant and equipment at the reporting date is disclosed in Note 4 to the Combined Financial Statements.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The combining entities' core business is subject to economical and technology changes which may cause selling prices to change rapidly and the combining entities' profits to change.

The carrying amount of the combining entities' inventories at the reporting date is disclosed in Note 5 to the Combined Financial Statements.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the combining entities' assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.1 Estimation uncertainty (cont'd)

Impairment of loans and receivables

The combining entities assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the combining entities consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

The carrying amounts of the combining entities' loans and receivables at the reporting date are summarised in Notes 6, 7 and 8 to the Combined Financial Statements.

Income taxes and deferred tax liabilities

Significant judgement is involved in determining the combining entities' provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The combining entities recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES

The combining entities apply the significant accounting policies, as summarised below, consistently throughout all years presented in the combining financial statements.

3.1 Basis of consolidation

3.1.1 Common control business combination

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

For such common control business combinations, the merger accounting principles are used to account for the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

Under the merger method of accounting, the results of combining entities are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the end of transfer.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 **Basis of consolidation (cont'd)**

3.1.1 **Common control business combination (cont'd)**

On combination, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference are classified and presented as movement in other capital reserves.

The effect of all transactions and balances between the combining entities, whether occurring before or after the combination, are eliminated in preparing the combined financial statements.

3.2 **Foreign currency translation**

3.2.1 **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.2.2 **Foreign operations**

The assets and liabilities of the operation denominated in a functional currency other than RM, are translated to RM at the exchange rate at the end of the reporting year. The income and expenses of the foreign operation are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment

All property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the combining entities and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the assets to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in profit or loss as incurred.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful lives. Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Leasehold building	4%
Computers	20%
Office furniture and equipment	10%
Renovations	10%
Machinery and equipment	10%
Motor vehicles	10%

The residual values, useful lives and depreciation method are reviewed at least annually to ensure that the amount, method and rates of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

3.4 Inventories

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

Costs of raw materials are determined on weighted average basis. The cost of raw materials, finished goods and packing materials comprise the original costs of purchase plus all expenses incurred in bringing the inventories to their present location and condition.

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

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

3.5 **Financial instruments**

3.5.1 **Initial recognition and measurement**

Financial assets and financial liabilities are recognised when any of the combining entities becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below:-

3.5.2 **Financial assets – categorisation and subsequent measurement**

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

(a) loans and receivables;
(b) financial assets at fair value through profit or loss;
(c) held to maturity investments; and
(d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least once at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

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

At the reporting date, the combining entities carry only loans and receivables on their statement of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less allowance for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The combining entities' cash and cash equivalents, trade and other receivables and amount due from a Director fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting year which are classified as non-current assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

3.5.3 **Financial liabilities**

After the initial recognition, financial liabilities are classified as:-

(a) financial liabilities at fair value through profit or loss;
(b) other financial liabilities measured at amortised cost; and
(c) financial guarantee contracts.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, 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.

At the reporting date, the combining entities carries only other financial liabilities measured at amortised cost on their statement of financial position.

<u>Other financial liabilities measured at amortised cost</u>

The combining entities' other financial liabilities include finance lease liabilities, trade and other payables and amount due to Directors.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Other financial liabilities are classified as current liabilities unless the combining entities has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

3.5.4 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.6 **Impairment of assets**

3.6.1 **Non-financial assets**

The combining entities assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the combining entities estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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

3.6 **Impairment of assets (cont'd)**

3.6.1 **Non-financial assets (cont'd)**

The combining entities base their impairment calculation on detailed budgets and forecast calculations which are prepared separately for each individual classification of assets. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the combining entities estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in profit or loss.

3.6.2 **Financial assets**

The combining entities assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable date indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the combining entities consider factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments. Objective evidence of impairment for a portfolio of receivables could include the combining entities' past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

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

3.6 **Impairment of assets (cont'd)**

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

Financial assets carried at amortised cost (cont'd)

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

3.7 **Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand, bank balances, short-term demand deposits and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current assets.

3.8 **Equity and reserves**

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

The Companies Act, 2016 which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share.

Retained earnings include all current and prior years' unappropriated profits/losses.

All transactions with owners of the combining entities are recorded separately within equity.

3.9 **Employees benefits**

3.9.1 **Short term employees benefits**

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by the employees of the combining entities. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

3.9.2 **Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the combining entities pay fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the combining entities and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

3.10.1 **Sales of goods**

Revenue from sales of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3.10.2 **Interest income**

Interest income is recognised as it accrues using the effective interest method in profit or loss.

3.11 **Income taxes**

Income taxes on the profit or loss for the financial year comprise current tax and deferred tax.

3.11.1 **Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the combined statement of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.11.2 **Deferred tax**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

3.12 **Goods and services tax**

Goods and services tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the combining entities paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses and assets are recognised net of the amount of GST except:

(a) where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and

(b) receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the combined statement of financial position.

3.13 **Provisions**

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the combining entities can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a finance cost.

3.14 **Borrowing costs**

All borrowing costs are expensed in the year in which they incurred. Borrowing costs consist of interest and other costs that the combining entities incurred in connection with the borrowing of funds.

3.15 **Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3.15.1 **Finance leases**

Leases in terms of which the combining entities assume substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Leases (cont'd)

3.15.1 Finance leases (cont'd)

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining terms of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the combining entities will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

3.15.2 Operating leases

Leases, where the combining entities do not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expenses, over the terms of the lease. Contingent rentals are charged to profit or loss in the reporting year in which they incurred.

3.16 Related parties

A related party is a person or entity that is related to a combined entity. A related party transaction is a transfer of resources, services or obligations between a combining entity and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to a combining entity if that person:

  (i) has control or joint control over the combining entity; or
  (ii) has significant influence over the combining entity; or
  (iii) is a member of the key management personnel of the combining entity.

(b) An entity is related to a combining entity if any of the following conditions applies:

  (i) the entity and the combining entity are members of the same group; or
  (ii) one entity is an associate or joint venture of the other entity; or
  (iii) both entities are joint ventures of the same third party; or
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
  (v) the entity is a post-employment benefit plan for the benefits of employees of either the combining entity or an entity related to the combining entity; or
  (vi) the entity is controlled or jointly-controlled by a person identified in (a) above; or
  (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the combining entity; or
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the combining entity.

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold building RM	Computers RM	Office furniture and equipment RM	Renovations RM	Machinery and equipment RM	Motor vehicles RM	Total RM
Cost							
At 1 October 2015	-	11,333	34,542	143,674	2,560,932	75,060	2,825,541
Additions	2,410,878	3,508	26,380	171,332	2,029,652	78,610	4,720,360
Foreign currency translation differences	(22,093)	-	-	-	-	-	(22,093)
At 30 September 2016	2,388,785	14,841	60,922	315,006	4,590,584	153,670	7,523,808
Additions	1,101,795	9,365	199,653	-	2,361,134	365,217	4,037,164
Disposal	-	-	-	-	(28,000)	-	(28,000)
Foreign currency translation differences	(110,724)	-	(8,292)	-	(82,185)	(15,622)	(216,823)
At 30 September 2017	3,379,856	24,206	252,283	315,006	6,841,533	503,265	11,316,149
Accumulated depreciation							
At 1 October 2015	-	2,267	3,454	14,367	256,093	7,506	283,687
Charge for the financial year	38,120	2,968	6,092	31,501	459,058	15,367	553,106
Foreign currency translation differences	(349)	-	-	-	-	-	(349)
At 30 September 2016	37,771	5,235	9,546	45,868	715,151	22,873	836,444
Charge for the financial year	125,147	3,341	16,444	31,501	619,547	61,065	857,045
Foreign currency translation differences	(6,359)	-	(418)	-	(5,039)	(1,955)	(13,771)
At 30 September 2017	156,559	8,576	25,572	77,369	1,329,659	81,983	1,679,718
Net carrying amount							
At 30 September 2017	3,223,297	15,630	226,711	237,637	5,511,874	421,282	9,636,431
At 30 September 2016	2,351,014	9,606	51,376	269,138	3,875,433	130,797	6,687,364

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

Machinery and equipment and motor vehicles with net carrying amounts of RM1,149,028 (30.9.2016: RM587,521) and RM198,958 (30.9.2016: RM130,797) respectively are financed under finance lease arrangements.

5. **INVENTORIES**

	30.9.2017 RM	30.9.2016 RM
At cost:-		
Raw materials	3,119,489	2,575,649
Finished goods	2,010,274	314,947
Packing materials	73,878	48,113
	5,203,641	2,938,709
Inventories recognised as cost of sales	27,574,804	24,369,954

6. **TRADE RECEIVABLES**

The combining entities' normal trade credit terms are 30 days (30.9.2016: 30 days).

Included in trade receivables is an amount of RM125,354 (30.9.2016: RM2,563) due from a company connected to certain Directors of a combining entity. The amount is unsecured and interest free.

7. **OTHER RECEIVABLES**

	30.9.2017 RM	30.9.2016 RM
Non-trade receivables	77,116	2,023,725
Deposits	546,517	469,182
Prepayments	93,009	2,481,130
	716,642	4,974,037

8. **AMOUNTS DUE FROM/(TO) DIRECTORS**

The amounts due from/(to) Directors are non-trade in nature, unsecured, interest free and repayable on demand.

9. **FIXED DEPOSIT WITH A LICENSED BANK**

Fixed deposit with a licensed bank is pledged to a licensed bank for banking facilities granted to a combining entity and bears interest at 1.95% (30.9.2016: Nil) per annum.

10. SHARE CAPITAL

	Number of shares		Amount	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
			RM	RM
Issued and fully paid:-				
Ordinary shares				
At beginning of the financial year	500,900	10,000	507,596	10,000
Issued during the financial year	-	490,900	-	497,596
At end of the financial year	500,900	500,900	507,596	507,596

11. FINANCE LEASE LIABILITIES

	30.9.2017	30.9.2016
	RM	RM
Minimum lease payments:		
- within 1 year	399,751	207,576
- after 1 year but less than 5 years	367,359	355,314
	767,110	562,890
Less: interest in suspense	(51,454)	(52,707)
	715,656	510,183
Present value of minimum lease payments:		
- within 1 year	361,859	177,541
- after 1 year but less than 5 years	353,797	332,642
	715,656	510,183

The finance lease liabilities bear effective interest ranging from 3.32% to 10.35% (30.9.2016: 3.33% to 3.70%) per annum.

12. DEFERRED TAX LIABILITIES

	30.9.2017	30.9.2016
	RM	RM
At beginning of financial year	300,000	-
Recognised in profit or loss	(52,402)	300,000
At end of financial year	247,598	300,000

12. DEFERRED TAX LIABILITIES (CONT'D)

The deferred tax liabilities are made up of tax effects on temporary differences arising from:-

	30.9.2017 RM	30.9.2016 RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	248,000	300,000
Other	(402)	-
	247,598	300,000

13. TRADE PAYABLES

The normal trade credit terms granted by the trade payables range from 60 to 90 days (30.9.2016: 60 to 90 days) and are non-interest bearing.

14. OTHER PAYABLES

	30.9.2017 RM	30.9.2016 RM
Non-trade payables	2,713,738	3,169,503
Accruals	703,019	476,010
	3,416,757	3,645,513

Included in non-trade payables are the following amounts:

	30.9.2017 RM	30.9.2016 RM
Amount due to a company connected to certain Directors of a combining entity	470,497	-
Amount due to a person connected to certain Directors	835,045	835,045
Amount due to certain Directors of a combining entity	880,328	880,328

The above amounts are unsecured, interest free and repayable on demand.

15. REVENUE

Revenue represents the invoiced value of goods sold, net of discounts, returns and GST.

16. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting) amongst other items, the following items:-

	2017 RM	2016 RM
Realised loss/(gain) on foreign exchange	71,452	(69,133)
Rental of equipment	2,700	1,426
Rental of factory	474,000	474,000
Rental of land	316,979	67,106
Rental of premises	36,000	36,000

17. TAX EXPENSE

	2017 RM	2016 RM
Current tax:		
- Current year provision	1,635,910	1,494,626
Deferred tax:		
- Current year provision	45,598	135,000
- (Over)/underprovision in prior year	(98,000)	165,000
	(52,402)	300,000
Total tax expense	1,583,508	1,794,626

Malaysian income tax is calculated at the statutory rate of 24% (2016: 24%) of the estimated assessable profit.

A reconciliation of income tax expense applicable to profit before tax at the statutory tax rate and effective tax expense of the combining entities is as follows:-

	2017 RM	2016 RM
Profit before tax	5,834,558	6,533,824
Income tax at statutory tax rate of 24% (2016: 24%)	1,400,294	1,568,118
Tax effects in respect of:-		
Expenses not deductible for tax purposes	250,838	56,206
Tax saving due to first RM500,000 taxed at 19% (2016: 19%)	(25,000)	(25,000)
(Over)/underprovision in prior year	(98,000)	165,000
Effect of tax rate differences in foreign jurisdictions	55,376	30,302
Effective tax expense	1,583,508	1,794,626

18. EMPLOYEES BENEFIT EXPENSES

	2017 RM	2016 RM
Directors' remuneration	334,578	287,579
Salaries, bonus and other emoluments	1,211,313	885,907
Social security contributions	3,125	1,975
Defined contribution plan	53,229	45,033
Other benefits	146,072	65,381
	1,748,317	1,285,875

19. COMMITMENTS

Capital commitments

	2017 RM	2016 RM
Authorised and contracted for:		
- Property, plant and equipment	75,964	719,047

Operating lease commitments

The future minimum lease payments under non-cancellable operating leases as at the reporting date are as follows:-

	2017 RM	2016 RM
Within 1 year	245,142	105,366
More than 1 year but less than 5 years	1,064,836	1,228,468
More than 5 years	7,329,543	6,873,483
	8,639,521	8,207,317

Operating lease commitments represent rental payable for land. The lease has a tenure of 25 years with renewal option and include annual escalation rate.

20. EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the financial year is calculated by dividing the net profit for the financial year attributable to common controlling shareholders of the combining entities over the weighted average number of ordinary shares in issue of the combining entities during the financial years as follows:

	30.9.2017 RM	30.9.2016 RM
Net profit attributable to common controlling shareholders of the combining entities	4,251,050	4,739,198
Weighted average number of ordinary shares	500,900	459,617
Basic earnings per share	8.49	10.31

(b) Diluted

Diluted earnings per share equals basic earnings per share because there are no potential dilutive instruments in existence as at the end of each reporting year.

21. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of the combined financial statements, parties are considered to be related to the combining entities if the combining entities have the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where combining entities and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the combining entities either directly or indirectly.

(b) Significant related party transactions

Significant related party transaction during the financial year is as follows:-

	2017 RM	2016 RM
Sales to a company connected to certain Directors of a combining entity	37,184,621	33,161,360

The Directors of the combining entities are of the opinion that the above transaction was entered into in the normal course of business and was established under negotiated basis.

21. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the combining entities either directly or indirectly.

	2017 RM	2016 RM
Directors' remuneration:		
Salaries, bonus and other emoluments	300,575	256,500
Social security contributions	1,657	1,379
Defined contribution plan	32,346	29,700
	334,578	287,579
Other key management personnel:		
Salaries, bonus and other emoluments	315,000	303,000
Social security contributions	1,220	1,285
Defined contribution plan	37,800	35,280
	354,020	339,565
Total	688,598	627,144

22. OPERATING SEGMENT

The combined entities are principally involved in the manufacturing and trading of compounded and powdered plastics.

No product and services segment information is presented as the Chief Operating Decision Maker ("CODM") views the combining entities as a single reportable segment.

(a) Geographical information

Segment revenue is based on geographical location from which the sales transactions originated. Segment assets are based on the geographical location of the assets of the combining entities.

The following are revenue from external customers by geographical location with revenue equal or more than ten percent (10%) of the combining entities revenue:

	2017 RM	2016 RM
Revenue from external customers:-		
Malaysia	3,860,784	2,251,894
Philippines	37,184,621	33,161,360
	41,045,405	35,413,254
Non-current assets:-		
Malaysia	4,337,559	4,336,350
Philippines	5,298,872	2,351,014
	9,636,431	6,687,364

22. **OPERATING SEGMENT (CONT'D)**

(b) Major customer

There is only one major customer contributing approximately RM37,184,621 (30.9.2016: RM33,161,360) of the revenue of the combining entities, which equals to more than ten percent (10%) of the total revenue.

23. FINANCIAL INSTRUMENTS

23.1 Financial risk management

The combining entities are exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the combining entities' business whilst managing its risks. The combining entities operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the combining entities and the policies in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

Credit risk is the risk of a financial loss to the combining entities if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

It is the combining entities' policy to enter into financial instrument with a diversity of creditworthy counterparties. The combining entities do not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the combining entities' total credit exposure. The combining entities' portfolio of financial instrument is broadly diversified and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the combining entities' policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The combining entities do not offer credit terms without the approval from the head of credit control.

Following are the areas where the combining entities are exposed to credit risk:-

Receivables

As at the end of the reporting year, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts as stated in the combined statement of financial position.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the combining entities. The combining entities use aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk and are monitored individually.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.1 Financial risk management (cont'd)

The main areas of financial risks faced by the combining entities and the policies in respect of the major areas of treasury activity are set out as follows:- (cont'd)

(a) Credit risk (cont'd)

Receivables (cont'd)

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the combining entities.

At the reporting date, trade receivables of RM378,304 (30.9.2016: RM121,311) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:-

30.9.2017	Gross RM	Individually impaired RM	Net RM
Not past due	388,056	-	388,056
Past due 1 - 30 days	223,697	-	223,697
Past due 31 - 60 days	90,266	-	90,266
Past due more than 60 days	64,341	-	64,341
	766,360	-	766,360
30.9.2016			
Not past due	235,044	-	235,044
Past due 1 - 30 days	69,372	-	69,372
Past due 31 - 60 days	34,185	-	34,185
Past due more than 60 days	17,754	-	17,754
	356,355	-	356,355

In respect of trade and other receivables, the combining entities are not exposed to any significant credit risk exposure to any single counterparty or any combining entities of counterparties having similar characteristics. In the prior year, 35% of trade receivables were due from 1 customer. Trade receivables consist of several customers of various backgrounds. Based on historical information about customer's default rates, the management considers the credit quality of trade receivables that are not past due or impaired to be good.

The net carrying amount of receivables is considered a reasonable approximation of fair value. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above.

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.1 Financial risk management (cont'd)

The main areas of financial risks faced by the combining entities and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) Liquidity risk

Liquidity risk is the risk that the combining entities will not be able to meet their financial obligations as and when they fall due, due to shortage of funds.

In managing their exposures to liquidity risk which arises principally from their various payables, the combining entities maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities as and when they fall due.

At the reporting date, the combining entities' non-derivative financial liabilities which have contractual maturities (including interest payments) are summarised below:-

	Carrying amount RM	Contractual cash flow RM	Less than 1 year RM	Between 1 and 5 years RM
30.9.2017				
Secured				
Finance lease liabilities	715,656	767,110	399,751	367,359
Unsecured				
Trade payables	1,508,882	1,508,882	1,508,882	-
Other payables	3,416,757	3,416,757	3,416,757	-
Amount due to Directors	1,537,978	1,537,978	1,537,978	-
	6,463,617	6,463,617	6,463,617	-
Total	7,179,273	7,230,727	6,863,368	367,359
30.9.2016				
Secured				
Finance lease liabilities	510,183	562,890	207,576	355,314
Unsecured				
Trade payables	2,038,090	2,038,090	2,038,090	-
Other payables	3,645,513	3,645,513	3,645,513	-
Amount due to Directors	1,652,864	1,652,864	1,652,864	-
	7,336,467	7,336,467	7,336,467	-
Total	7,846,650	7,899,357	7,544,043	355,314

23. FINANCIAL INSTRUMENTS (CONT'D)

23.1 **Financial risk management (cont'd)**

The main areas of financial risks faced by the combining entities and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the combining entities' financial instruments will fluctuate because of changes in market interest rates.

The combining entities' fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates.

The combining entities' interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the combining entities manage their debts based on assessment of their existing exposures and desired interest rate profiles.

The interest rate profile of the combining entities' significant interest-bearing financial instruments, based on carrying amounts as at reporting date is as follows:-

	30.9.2017 RM	30.9.2016 RM
Fixed rate instruments		
Fixed deposit with a licensed bank	653,400	-
Finance lease liabilities	715,656	510,183

The combining entities do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the financial year would not affect profit or loss.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The combining entities are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currencies of the combining entities. The currency giving rise to this is primarily United States Dollar ("USD").

Carrying amounts of the combining entities' exposure to foreign currency risk is as follows:-

	30.9.2017 RM	30.9.2016 RM
Denominated in USD		
Cash and bank balances	567,685	411,258
Fixed deposit with licensed bank	653,400	-
Trade receivables	125,354	-
Other receivables	302,591	272,873
Trade payables	(180,202)	(1,475,291)
Other payables	(267,599)	(166,290)
Amount due to Directors	-	(109,604)
	1,201,229	(1,067,054)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.1 Financial risk management (cont'd)

The main areas of financial risks faced by the combining entities and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(d) Foreign currency risk (cont'd)

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the combining entities' exposure to foreign currency risk.

Foreign currency sensitivity analysis:

The following table demonstrates the sensitivity of the combining entities' net profit for the financial year to a reasonably possible change in the USD against the functional currency of the combining entities, with all other variables held constant:-

	Net profit for the financial year	
	30.9.2017	30.9.2016
	RM	RM
USD/RM		
- Strengthened 7.9% (30.9.2016: 9.0%)	94,897	(96,035)
- Weakened 7.9% (30.9.2016: 9.0%)	(94,897)	96,035

23.2 Fair value of financial instruments

The carrying amounts of financial assets and liabilities of the combining entities at the reporting date approximate their fair values due to their short term nature and insignificant impact of discounting.

23.3 Fair value hierarchy

No fair value hierarchy has been disclosed as the combining entities do not have financial instruments measured at fair value.

24. CAPITAL MANAGEMENT

The primary objective of the combining entities' capital management is to ensure that they maintains strong credit ratings and healthy capital ratios in order to support their businesses and maximise shareholders' value.

The combining entities manage their capital structures and makes adjustments to them in light of changes in economic conditions. To maintain or adjust their capital structures, the combining entities may adjust the dividend payment to shareholders, return capital to shareholders, sell assets to reduce debts or issue new shares.

There were no changes in the combining entities' approach to capital management during the financial year.

25. COMBINING ENTITIES

Details of the combining entities are as follows:-

Name of the combining entities	Country of incorporation	Date of incorporation	Principal activities
Polymer Link Sdn. Bhd.	Malaysia	27 September 2011	Developing and manufacturing plastic compound and powder and providing contract manufacturing services for plastic compound and powder
Polymer Link (Phils.), Inc. *	Philippines	14 April 2016	Manufacturing plastic compound and powder and providing contract manufacturing services for plastic compound and powder

* The statutory financial year end of this combining entity is 31 December. Consequently, the financial statements of this combining entity as at 30 September 2017 were specially audited by a member firm of Grant Thornton International Ltd. for the purpose of preparing these combined financial statements

Company No: 1041798-A

POLYMER LINK HOLDINGS BERHAD

(formerly known as Brics Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying combined financial statements set out on pages 4 to 37 are drawn up in accordance with Malaysia Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the combined financial position as at 30 September 2017, and of its combined financial performance and combined cash flows for the financial year then ended.

....
KOH TAT CHUAN

....
KOH TAT WEI

Kuala Lumpur
30 March 2018