INFORMATION MEMORANDUM

SEERS

Innovation Is Our Promise

SEERS BERHAD

(Company No. : 1252690-U)
(incorporated in Malaysia)

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("LEAP MARKET")

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 MALAYSIA SECURITIES BERHAD. 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 AFTER DUE AND CAREFUL CONSIDERATIONS AND, IF APPROPRIATE, CONSULTATION WITH STOCKBROKER, MANAGER, SOLICITOR, ACCOUNTANT AND OTHER PROFESSIONAL ADVISERS.

INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA") FOR BREACHES OF SECURITIES LAWS 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 OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO THE CORPORATION.

SHARES LISTED ON BURSA MALAYSIA SECURITIES BERHAD ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE OFFERING, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

Approved Adviser, Placement Agent
and Continuing Adviser

M&A

M&A SECURITIES SDN BHD (15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

No Heating Element

No Risk of Electrocution

Energy Saving

This Information Memorandum is dated 6 June 2018

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

The Directors and Promoters of the 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.

M&A Securities, being the Approved Adviser, Continuing Adviser and Placement Agent 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.

This Information Memorandum has been drawn up in accordance with the LEAP Listing Requirements for the Proposed Listing and the Proposed Placement. This Information Memorandum 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 230 of the CMSA respectively. The 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.

A copy of this Information Memorandum has been deposited with the Securities Commission Malaysia.

The Securities Commission Malaysia 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 Securities Commission Malaysia and Bursa Securities also 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 Listing Requirements.

An application has been made to Bursa Securities for 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-in-principle 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.

THERE ARE CERTAIN RISK FACTORS WHICH SOPHISTICATED INVESTORS SHOULD CONSIDER. PLEASE REFER TO "RISK FACTORS" AS SET OUT IN PART III.

Sophisticated Investors should note that they may seek recourse under 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 and analysis of our Company and all other relevant matters.

EXPECTED TIMETABLE FOR THE PROPOSED PLACEMENT AND PROPOSED LISTING

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

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[1]	6 June 2018
Allotment of Placement Shares	Early July 2018
Listing of our Company on the LEAP Market	Early July 2018

[1] Subject to receipt of approval-in-principle from Bursa Securities for our Proposed Listing

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

PLACEMENT STATISTICS

Method of offering	Private placement
Indicative Placement Price per Share	RM0.08
Number of existing Shares	193,219,000
Number of Placement Shares being issued pursuant to the Proposed Placement	64,406,400
Number of Shares in issue on Proposed Listing	257,625,400
Percentage of enlarged share capital represented by the Placement Shares	25.00%
Indicative gross proceeds of the Proposed Placement	RM5.15 million
Estimated net proceeds of the Proposed Placement receivable by the Company	RM4.25 million
Market capitalisation of the Company at the indicative Placement Price upon Proposed Listing	RM20.61 million

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IMPORTANT INFORMATION

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

This Information Memorandum shall not be, in whole or in part, reproduced disclosed or distributed to any other person or used for any other purpose. By accepting this Information Memorandum, Sophisticated Investors agree to be bound by the limitations and restrictions described herein.

This Information Memorandum includes certain historical information, estimates or reports thereon derived from sources mentioned in this Information Memorandum. Such information, estimates or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimate and or report thereon derived from such and other third party sources.

Presentation of Financial and Other Information

All references to "our Company" and "SEERS" in this Information Memorandum are to Seers Berhad. All references to "SEERS Group" and "our Group" in this Information Memorandum" are to our Company and our subsidiaries as a whole and all references to "we", "us", "our" and "ourselves" are to our Company and our subsidiaries, save where the context otherwise requires. Statements as to our beliefs, expectations, estimates and opinions are those of our Company.

Unless the context otherwise requires, all references to "Management" are to our Directors and key management personnel of SEERS Group as at the date of this Information Memorandum, and statements to our Management's beliefs, expectations, estimates and opinions are those of our Management solely.

In this Information Memorandum, all references to the "Promoters" and "substantial shareholder" are to Ken KH Foo and Eastwood Chan.

The word 'approximately' used in this Information Memorandum is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or 1 decimal place. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" section and technical terms used herein are defined in the "Glossary of Technical Terms" section appearing after this Section. Words importing the singular shall, where applicable, include the plural and vice-versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

Any reference to a time of a day in this Information Memorandum shall be a reference to Malaysian time, unless otherwise stated.

Any reference in this Information Memorandum to any statutory legislation, regulations, by-laws, guidelines, listing requirements, directives and/or practice notes is a reference to the same as for the time being amended, modified or re-enacted.

Investment Risks

Investment in our Company carries risk. There can be no assurance that our Company's strategy will be achieved and investment results may vary substantially over time. Sophisticated Investors contemplating an investment in our Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Group. No assurance is given, express or implied, that shareholders will receive back the amount of their investment in our Shares.

Sophisticated Investors should carefully consider whether an investment in our Shares is suitable for them in light of their circumstances and financial resources and whether they are able and willing to withstand the potential loss of their entire investment (see further under "**Part III: Risk Factors**").

This Information Memorandum should be read in its entirety before making any investment in the Company.

Forward Looking Statements

This Information Memorandum contains forward-looking statements. All statements other than statements of historical facts included in this Information Memorandum, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements are applicable only as at the date of this Information Memorandum.

Words such as "may", "will, "would", "could", "expect", "anticipate", "should", "intend", "plan", "believe", "seek", "estimate", "project" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations.

These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. The Company is not under any obligation to update or revise such forward-looking statements in this Information Memorandum. Neither the Company, the Approved Adviser nor any other person represents or warrants that our Group's actual future results, performance or achievements will be as disclosed in those statements.

Factors that could cause our actual results, performance or achievements to differ materially include, without limitation, those discussed in "Part III: Risk Factors" and in "Section 6 of Part I: Historical Financial Information and Management's Discussion and Analysis thereon". We cannot give any assurance that the forward looking statements made in this Information Memorandum will be realised.

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

CORPORATE DIRECTORY

Board of Directors	Khoo Chee Siang, Independent Non-Executive Director Foo Kwok Hsing, Executive Director Chan Toong Mook, Executive Director
Business Address	No 4, Jalan Utarid U5/18A Seksyen U5 40150 Shah Alam Selangor
E-mail	sales@seers.com.my
Website	www.seers.com.my
Company Secretary	Tan Kean Wai (MAICSA 7056310)
Registered Office	7-1, Jalan 109F Plaza Danau 2 Taman Danau Desa 58100 Kuala Lumpur
Approved Adviser, Continuing Adviser and Placement Agent	M&A Securities Sdn Bhd (15017-H) Level 11, No. 45 & 47, The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur
Auditors and Reporting Accountants	Ecovis AHL PLT (LLP0003185-LCA) & (AF 001825) 9-3, Jalan 109F Plaza Danau 2 Taman Danau Desa 58100 Kuala Lumpur
Legal Counsel to the Company	Teh & Lee A-3-3 & A-3-4 Northpoint Offices Mid Valley City 1, Medan Syed Putra Utara 59200 Kuala Lumpur
Legal Counsel to the Approved Adviser and Placement Agent	Ilham Lee Suite 7.1C, Level 7 Work @ Clearwater Changkat Semantan Damansara Heights 50490 Kuala Lumpur

CORPORATE DIRECTORY (Cont'd)

Principal Banker	CIMB Bank Berhad (13491-P) Oasis Square 2, Jalan PJU 1A/7A Ara Damansara 47301 Petaling Jaya Selangor
Share Registrar	Bina Management (M) Sdn Bhd (50164-V) Lot 10, The Highway Centre Jalan 51/205 46050 Petaling Jaya Selangor
Listing Sought	LEAP Market

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DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, the following words and abbreviations shall apply throughout this Information Memorandum and shall have the meanings as set out below:

Group Companies

SEERS or Company	:	Seers Berhad (1252690-U)
SEERS Group or Group	:	SEERS and its subsidiaries
SASB	:	Seers Asia Sdn Bhd (1264434-K)
SMSB	:	Seers Marketing Sdn Bhd (917949-V)
STSB	:	Seers Technology Sdn Bhd (917951-U)

Individuals

Ken KH Foo	:	Foo Kwok Hsing, our co-founder and Executive Director
Eastwood Chan	:	Chan Toong Mook, our co-founder and Executive Director

Other Corporations, Establishment and Agencies

Approved Adviser, Continuing Adviser or Placement Agent	:	M&A Securities
BNM	:	Bank Negara Malaysia
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Ecovis	:	Ecovis AHL PLT (LLP0003185-LCA) & (AF 001825)
Energy Commission	:	Energy Commission of Malaysia
M&A Securities	:	M&A Securities Sdn Bhd (15017-H)
MyIPO	:	Intellectual Property Corporation of Malaysia
Share Registrar	:	Bina Management (M) Sdn Bhd (50164-V)
SIRIM	:	SIRIM Berhad, a corporate organisation wholly-owned by the Malaysian Government, under the Minister of Finance Incorporated. SIRIM has been entrusted by the Malaysian Government to be the national organisation for standards and quality, and as a promoter of technological excellence in the Malaysian industry
TÜV Nord	:	TÜV Nord Group, a global technical service provider that specialises in amongst others, the provision of validation services such as certification, inspection, testing and product safety of all types of products and services

WIPO	:	World Intellectual Property Organisation
<u>General</u>		
Acquisitions	:	Acquisition of SMSB and Acquisition of STSB, collectively
Acquisition of SMSB	:	Acquisition by SEERS of the entire share capital of SMSB for a purchase consideration of RM3,864,360 wholly satisfied via the issuance of 193,218,000 new SEERS Shares to the SMSB Vendors at an issue price of RM0.02 per Share, which was completed on 26 February 2018
Acquisition of STSB	:	Acquisition by SEERS of the entire share capital of STSB for a purchase consideration of RM10, wholly satisfied via the issuance of 500 new SEERS Shares to the STSB Vendors at an issue price of RM0.02 per Share, which was completed on 26 February 2018
Act	:	Companies Act, 2016
Board	:	Board of Directors of our Company
CMSA	:	Capital Markets and Services Act 2007
Directors	:	Either an executive director or non-executive director of our Company within the meaning of Section 2 of the Act
FYE	:	Financial year(s) ended 31 December
GP	:	Gross profit
Indicative Placement Price	:	The indicative placement price of RM0.08 per Share to be issued pursuant to the Proposed Placement
Information Memorandum	:	This information memorandum dated 6 June 2018
LEAP Market	:	LEAP Market of Bursa Securities
LEAP Listing Requirements	:	LEAP Market Listing Requirements of Bursa Securities

LPD	:	15 May 2018, being the latest practicable date prior to the date of this Information Memorandum
NA	:	Net assets
PAT	:	Profit after taxation
PBT	:	Profit before taxation
Placement Shares	:	64,406,400 new Shares to be issued pursuant to the Proposed Placement
PRC	:	People's Republic of China
Promoters	:	Ken KH Foo and Eastwood Chan, collectively
Proposed Listing	:	Proposed listing of and quotation for our entire issued share capital comprising 257,625,400 Shares on the LEAP Market
Proposed Placement	:	Proposed issuance of the Placement Shares within the meanings of Sections 229 and 230 of CMSA at the Indicative Placement Price to selected Sophisticated Investors in conjunction with the Proposed Listing
R&D	:	Research and development
Share(s)	:	Share(s) in our Company
SMSB Vendors	:	Ken KH Foo, Eastwood Chan, Yeen Yoon Hin and Khoo Chee Siang, collectively
STSB Vendors	:	Ken KH Foo and Eastwood Chan, collectively
Sophisticated Investor	:	Any person who falls within any of the categories of investors set out in Part I of Schedule 6 or Part I of Schedule 7 of the CMSA
UK	:	United Kingdom of Great Britain and Northern Ireland
US	:	United States of America

Currencies, Units and Others

% or percent	:	per centum
RM	:	Ringgit Malaysia and sen, respectively
RMB	:	Chinese Renminbi
US$	:	United States Dollar

GLOSSARY OF TECHNICAL TERMS

This glossary contains an explanation of certain terms used throughout this Information Memorandum in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms.

DC	:	Direct current, the unidirectional flow of electric charge. DC is used to charge batteries and as power supply for electronic systems
kW	:	Kilowatt, is a unit of electric power
kWh	:	Kilowatt hour, is a composite unit of energy equivalent to 1 kW of power sustained for one hour
MEPS	:	Minimum Energy Performance Standards. MEPS specify the minimum level of energy performance that appliances, lighting and electrical equipment must meet or exceed before they can be offered for sale or used for commercial purposes
OEM	:	Original equipment manufacturer
VAC	:	Voltage in alternating current, an electric current which periodically reverses direction, in contrast to DC which flows in one direction. VAC is the form in which electric power is delivered to businesses and residences, and is the form of electrical energy that consumers typically use when they plug kitchen appliances, televisions and electric lamps into a wall socket

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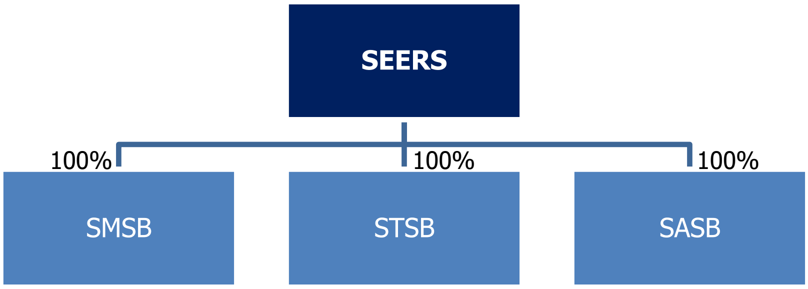
PART I: INFORMATION ON OUR GROUP

1. HISTORY OF OUR GROUP

Our Group was founded in October 2010 with the incorporation of SMSB and STSB by Ken KH Foo and Eastwood Chan. We are an investment holding company, newly incorporated on 25 October 2017, to facilitate the Proposed Listing. As at LPD, we only have 3 subsidiaries, SMSB, STSB and SASB. Through our subsidiaries, we are principally involved in the water heater and water-related appliances business.



Although SMSB and STSB were only incorporated in October 2010, our core product history dates back to 2008 when our co-founders, Ken KH Foo and Eastwood Chan successfully invented the proprietary 'Seers' water heater system that uses an internationally patented 12-volt driven heat extraction technology. This patent was filed with MyIPO in October 2008 by our co-founders under the invention title "Systems and Methods for Heating Water by Absorbing Heat in Ambient Air". In June 2009, our co-founders also filed the said patent with the World Intellectual Property Organisation (WIPO) pursuant to the Patent Cooperation Treaty ("PCT").

Our 'Seers' hot water system can be applied for residential, commercial and industrial use. As at the LPD, we supply our 'Seers' hot water system to various reputable public listed and non-public listed property developers. Our 'Seers' hot water system is attractive to property developers as the energy efficiency of our hot water system means that developers only need to build smaller electrical sub-stations for their property development projects. In addition, our products are also distributed to the end-user retail market through our authorised distributors in Malaysia, Singapore and Philippines.

Over the years, our 'Seers' hot water system has been installed in various types of buildings, including residential landed and high-rise properties, luxury hotels, boutique hotels and motels, hospitals, universities, health clubs and spas, hostels, office and retail buildings, clubhouses, factories and manufacturing plants.

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2. BUSINESS OVERVIEW

2.1 Principal activities

We are an investment holding company. Through our subsidiaries, we are principally involved in the water heater and water-related appliances business.

2.2 Principal products

Our 'Seers' patented hybrid water-heating technology has no risk of electrocution while showering, as there is no heating element in contact with the water. It is powered by a 12-volt DC or 240-VAC system where energy is extracted from the surrounding air to produce hot water without the use of heating elements, electric booster or hermetic compressor. As the 'Seers' water heater does not use conventional heating elements, there is no water going through any electrical wiring, thus eliminating the danger of electrocution while showering. However, our water heater is not suitable for cold weather where the temperature is below 16 degree Celsius.

Heating water is very expensive as it requires huge amount of energy. The 'Seers' hot water system applies an eco-friendly technology that enables users to enjoy hot water that is powered by an inexpensive 12-volt DC or 240-VAC system. A conventional water heater needs at least 3,000 watts, but the 'Seers' system only consumes a minimum of 480 watts. This is very low usage, as even a normal hair-dryer consumes 1,000 watts. The 'Seers' low-energy consumption technology has been certified by TÜV Nord to save energy up to 60%.

Our product range under the 'Seers' brand include the centralised hybrid hot water system, individual storage DC-heater, instant water heater, booster or inverter pump, 3-second thermos flask, outdoor microfiltration membrane and hot water dispenser or multipoint.

Our products are marketed under the 'Seers' brand and manufactured for us by third party contract manufacturers based in PRC on an OEM basis. We may carry out minimal assembly or modification works at our facility in Malaysia when there is special request from our projects customers.

Our water heating and water-related appliances are suitable for usage by residential, commercial and industrial buildings. Our products range are as follows:

Product category	**Description**
Centralised hybrid hot water system 	The 'Seers' hybrid hot water system features a heat pump with an added advantage of a heat transfer technology. As the system is powered by an inexpensive 12-volt DC or 240-VAC system, there is very low initial investment for wiring and reduced energy loading for the building. The 'Seers' hybrid hot water system is also 100% electrocute-proof as there is no heating element in contact with the water. Available in 5 sizes (100, 150, 200, 300 & 500 litres), the 'Seers' hybrid hot water system is suitable for various types of usage whether residential, condominium, hotel, spa, hospital or commercial.

PART I: INFORMATION ON OUR GROUP (Cont'd)

Product category	**Description**
Individual storage DC-heater (double tank and single tank)  	In comparison to traditional electric storage water heater, our low energy consumption DC-heater can save energy up to 65% (depending on the models), thereby conserving energy and emitting low levels of carbon dioxide. The DC-heater is designed for easy installation as it is compact and can be mounted on the wall in order to save space. Our DC-heater comes in double tank and single tank. Our double tank DC-heater is available in 4 sizes (40, 60, 80 & 100 litres), while single tank DC-heater is available in 5 sizes (30, 40, 60, 80 & 100 litres).
Instant water heater 	The 'Seers' instant water heater is a low power consumption water heater and it is designed for household and small hotel usage. The 'Seers' instant water heater is able to save up to 60% of energy consumption as it only requires 1,500 watts of electricity compared to traditional heater that uses more than 3,600 watts. Our 'Seers' instant water heater is also the first instant water heater to function without a submersible electric heating coil thereby eliminating any risk of electrocution while showering.
Booster / Inverter pump  	<u>Booster pump</u> The 'Seers' booster pump is a pressure booster suitable for both indoor and outdoor use. The booster pump provides water transference from tank to roof while maintaining constant pressure. As water-saving is our main concern, the 'Seers' booster pump is non-self-pumping, providing higher efficiency in water transfer as well as energy usage. <u>Inverter pump</u> The 'Seers' inverter pump manages the users' overall pump pressure, flow and temperature. With a frequency inverter parameter, user will save energy by reducing pump speed without sacrificing efficiency. It is purpose-built, design controls and protects pumping systems centred on changing pump speeds. The 'Seers' inverter pump comes fortified with an anti-freezing system that helps regulate water transfer from tank to roof while maximising energy consumption.

Product category	Description
3-second thermos flask 	The 'Seers' thermos flask uses core "Nanocrystal Tube", a non-metallic hydro-isolation water heating technology. Boiled water is supplied by the Nano tube and is ready within 2 to 5 seconds when required. Compared to traditional hot water dispenser that fluctuates in water temperature, water sterilisation is done during the heating process in the 'Seers' thermos flask. The 'Seers' thermos flask overcomes the disadvantages such as re-boiling water that is mixed with impurities, furring and metal particles. The power saving is approximately 98% on standby mode hot water dispenser and 50% energy saving compared with other traditional dispensers on the keep warm mode. With the all new 'Seers' thermos flask, you can get hot water within only 2 to 5 seconds without any worries of high electricity consumption. The 'Seers' thermos flask comes in a standard capacity of 3 litres.
Outdoor microfiltration membrane 	The core of the 'Seers' ultra-filtration system is a hollow-fibre ultra-membrane bundle, which consists of 1,500 pieces of membrane bundled together. When tap water enters from one end of the filter cartridge, contaminants bigger than 0.01 micron are retained at the cartridge. Soluble trace elements and minerals that are beneficial exit from the cartridge together with the filtered water.
Hot water dispenser / multipoint 	The 'Seers' hot water dispensers / multipoint are installed directly into the home's water supply; either in a large tank under the sink or over-the-counter attached to the wall to enable users to get hot water straight from the sink's faucet. For maximum user customisability, the hot water dispenser / multipoint also has a built-in water filter and thermostat for temperature adjustment.

Notwithstanding our diversified range of products as set out above, our principal products are the centralised hybrid hot water system and individual storage DC-heater. During FYE 2016 and 2017, the centralised hybrid hot water system contributed 6.2% and 11.6% of our total revenue respectively, while the individual storage DC-heater contributed 75.6% and 75.7% of our total revenue respectively.

The main advantages of our centralised hybrid hot water system and individual storage DC-heater which utilises our patented hybrid water-heating technology over conventional water heating systems are as follows:

Energy saving

- Our 'Seers' patented water-heating technology uses only 480 watts, as compared to standard water heater which uses approximately 3,000 watt and above. The energy savings capability of our 'Seers' patented hybrid water-heating technology has been certified by TÜV Nord. This energy saving will also help reduce the level of carbon dioxide emission into the atmosphere

No risk of electrocution

- As there is no submersible electric heating element in our 'Seers' hot water system, there is no risk of electrocution while showering

Modularity

- Our 'Seers' hot water system operates on a modular system and can be installed in series and up-graded to meet the building's hot water requirements. Unlike conventional solar system which can only be fitted on top of the roof, the modular system can fit into any indoor or outdoor corner within the building such as the roof, attic, air-conditioner ledge and basement

No reliance on solar energy / sunlight

- Unlike conventional solar system, our 'Seers' hot water system is not dependent on sunlight for energy.

Cost effective

- As our system is powered by an inexpensive 12-volt DC / 240-VAC system, there is very low initial investment for wiring and reduced energy loading for the building. As such, property developers that use our hot water system only need to build smaller electrical sub-stations for their property development projects

For illustrative purposes, we set out below the typical energy savings that can be derived from our products in the following setting:

(a) Commercial i.e. our centralised hybrid hot water system compared to a conventional water heater system in a budget hotel setting; and

(b) Residential i.e. our instant water heater compared to a conventional instant water heater in a typical household.

	Commercial	**Residential**
Energy usage of a conventional water heater system / conventional instant water heater	10,500 watts	3,600 watts
Energy usage of our 'Seers' hot water heater system / 'Seers' instant water heater	6,300 watts	1,500 watts
Energy savings	4,200 watts	2,100 watts
Average shower time per person	15 minutes	15 minutes
Average number of person per hotel room / per household	2 persons	5 persons
Number of room in the budget hotel	10 rooms	-
Number of shower per person per day	2	2
Total shower time per budget hotel per day / per household per day	600 minutes	150 minutes
Total shower time per budget hotel per 30-day month	18,000 minutes	4,500 minutes

	Commercial	Residential
Monthly energy savings per budget hotel / household	[1]1,260 kWh	[2]157.50 kWh
Average electricity rate per kWh (sen per kWh)	[3]36.50	[4]43.70
Monthly savings in electricity bill	RM459.90	RM68.83
Annual savings in electricity bill	approx. RM5,518.80	approx. RM825.00

Notes:

(1) Calculated as (4,200 watts/1,000 watts) * (18,000 minutes / 60 minutes).

(2) Calculated as (2,100 watts/1,000 watts) * (4,500 minutes / 60 minutes).

(3) Calculated based on the following tariff by Tenaga Nasional Berhad:

Tariff C1 – Medium voltage general commercial tariff	Electricity tariff (sen per kWh)
For all kWh per month	36.50

Source: https://www.tnb.com.my/commercial-industrial/pricing-tariffs1

(4) Calculated based on the following tariff by Tenaga Nasional Berhad:

Tariff A - Domestic tariff	Electricity tariff (sen per kWh)
For the first 200 kWh (1 - 200 kWh) per month	21.80
For the next 100 kWh (201 - 300 kWh) per month	33.40
For the next 300 kWh (301 - 600 kWh) per month	51.60
For the next 300 kWh (601 - 900 kWh) per month	54.60
For the next kWh (901 kWh onwards) per month	57.10
Simple average	43.70

Source: https://www.tnb.com.my/residential/pricing-tariffs

Based on the above:

(a) Our centralised hybrid hot water system saves up to 40% energy usage as compared to conventional hot water system in a commercial setting. The pay-back period based on the above example is approximately 2 years calculated based on the average selling price of our centralised hybrid hot water system of approximately RM12,000; and

(b) Our instant water heater saves up to 58% energy usage as compared to conventional instant water heater in a residential setting. The pay-back period based on the above example is approximately 1 year i.e. the average household would be able to recover the cost of our instant water heater which retails at a range of RM460.00 to RM889.00 per unit in approximately 1 year.

PART I: INFORMATION ON OUR GROUP (Cont'd)

On 3 May 2014, the amendment to the Electricity Regulations 1994 was gazetted by the Minister of Energy, Green Technology and Water Malaysia. The amendment was known as the Electricity (Amendment) Regulations 2013 and was intended to regulate electrical appliances according to their energy performance and prevent the sale of appliances and equipment that have a relatively poor energy efficiency performance. Pursuant to the amendments, MEPS was implemented which mandates 5 domestic electrical equipment namely, refrigerator, air-conditioner, television, domestic fans and lighting to meet efficiency standards and to be labelled accordingly before they are allowed into the Malaysian market. Accordingly, all manufacturers and importers of television, refrigerator, domestic fan and air conditioner, must affix the energy efficiency label (also known as star rating label) onto the products while for lighting, the efficacy value is required to be shown on the product cover or box, before they can be sold to the customer.

The energy efficiency label provides information to consumers about the energy consumption of an electrical appliance. The energy rating label shows the estimated energy consumption of each appliance based on an energy efficiency rating system. The star rating system has a minimum of 1 star and a maximum of 5 stars, where 1 star label is the least efficient and 5 stars is the most efficient. Only appliances which meet a minimum of 2 stars are allowed into the Malaysian market. The energy efficiency label is issued by the Energy Commission to manufacturers of electrical appliances who comply with the standards and requirements of energy performance test for star rating established by the Energy Commission.

Moving forward, the Energy Commission plans to implement MEPS for more domestic appliances such rice cooker, water heater and iron. The energy efficiency label contains the estimated total annual energy consumption in kilowatt-hours of electricity of the appliance, based on recognised laboratory test results. This will enable prospective consumers to make direct comparisons of the energy consumption of our water-heating products compared to other conventional models, and aid them to choose the most energy-efficient models when purchasing appliances.

We set out below a comparison of our water heater storage tank and the conventional water heater storage tank:

	'Seers' water heater storage tank	**Conventional water heater storage tank**
Capacity[(1)]	60 litre	60 litre
Heating time	70 minutes	50 minutes
Maintenance	Periodic maintenance is encouraged	Periodic maintenance is encouraged
Suitability in all weather	'Seers' hot water system is not suitable for cold weather where the temperature is below 16 degree Celsius due to energy extraction from surrounding air to produce hot water. It will take a long time to heat the water	Generally, conventional water heater storage tank is suitable in all weather as it uses heating element to heat the water. Nonetheless, it will take longer to heat water when the temperature is below 16 degree Celsius
Total energy consumption	0.8 kWh	2.5 kWh

Note:

(1) Both capacity for 'Seers' water heater storage tank and the conventional water heater storage tank can be customised to customers' requirements

2.3 After-sales services

We also provide after-sales services to our customers both directly and through third party providers. Our service centre is located at our headquarters in Shah Alam. As at LPD, our after-sales service team comprises 11 employees. Our after-sales services include installation of our products upon delivery to our customers' site, return or exchange of defective products to the provision of repair, cleaning and maintenance services.

To ensure customers' satisfaction, we adopt a monitoring and appraisal method to closely monitor after-sales services provided directly by us and by third party providers. We conduct appraisals on the third party service providers on a regular basis in terms of customer satisfaction rate, timeliness of service and complaint ratio.

For the past 2 FYE 2016 and 2017, customer complaints received amounted to an average of 3% to 5% of our total sales quantities. We have not incurred substantial expenses for warranty claims as our third party contract manufacturers will make good any defects by replacing the main component of our products (ie storage tanks).

2.4 Quality control and assurance

We have established a quality control and assurance system to ensure consistency in our product quality.

Since early 2017, we work with 3 third party contract manufacturers in PRC to manufacture our products based on our specifications on an OEM basis. Our quality control assurance process begins at the early stages of the OEM project to assure high product quality.

Prior to the appointment of our third party contract manufacturers, we would take into account various factors including an inspection of their factory premises by our Managing Director and Technical Director to understand their manufacturing capability, examining the quality of products manufactured by them including requiring them to fabricate a prototype of our product for our inspection and price and cost considerations.

We conduct visits at least once every 2 months to inspect the production facility of our third party contract manufacturers and to monitor the manufacture of our products.

As an endorsement of our product quality and our desire to achieve the ISO 9001:2000 certification for quality management under the International Organization for Standardization (ISO), we also perform the following additional testing on the final products upon their delivery to our warehouse in Malaysia:

(a) conduct incoming quality control tests during which random samples of the products are inspected to ensure that the specifications of the products are met to our requirements; and

(b) subject our products to SIRIM test and approval in Malaysia on a bi-annual basis to ensure that our products comply with the Malaysian standard and regulatory requirements in order to ensure the safety and reliability of electrical appliances that are imported, sold and used in Malaysia.

We are also in the midst of securing offshore SIRIM testing and approval for our products at the production facilities of our third party contract manufacturers in PRC. Meanwhile, the bi-annual SIRIM testing and approval for our products purchased from the third party contract manufacturers will continue to be conducted in Malaysia.

If there are any discrepancies in the quantity or quality of the products delivered to us or if the products do not conform to our specifications or the Malaysian standard and regulatory requirements, such products will be rejected and returned to the third party contract manufacturers for replacement at no cost to us.

We provide product warranties comprising 1 year parts warranty and 5 years heat chamber warranty for our products from the date of purchase of the products or date of completion and installation of the hot water system. Should there be any defects on our products, we will exchange it depending on the customer's requirement. If our customer does not wish to seek for a replacement, we will issue credit notes to our customers.

2.5 Principal markets

The principal market for our products is Malaysia. For FYE 2016 and 2017, more than 95% of our Group's revenue was generated locally. The balance of our revenue for the 2 financial years was generated from foreign customers mainly from Philippines, Singapore and India.

As at the LPD, our customer base can be segmented into the following segments:

Customer segment		
Contractors/ Developers	**Various property owners**	**Authorised distributors/ Dealers [(1)]**
Building contractors Property developers (direct supply)	Hotels & motels Hospitals Universities Health clubs & spas Hostels Office and retail buildings Clubhouses Factories and manufacturing plants	Renovators Plumbers Homeowners

Note:

(1) We will convert all our authorised distributors / dealers into independent resellers as part of our strategy to adopt the network marketing distribution model. Further discussion of the network marketing approach is set out in Section 2.15(a).

For FYE 2017, approximately 89% of our revenue was generated from contractors, developers and various property owners whilst 11% was generated from authorised distributors and dealers.

Except for lower sales recorded in the first quarter of each calendar year, our business is generally not subject to any seasonality factors.

2.6 Sales and marketing strategies

The sales and marketing strategies adopted by our Group include the following:

(a) Customer loyalty and retention

Our customers comprise contractors and developers, a variety of commercial and industrial property owners and authorised distributors and dealers.

We value the long and well-established working relationship that we have established with our key customers as they are the main reason for our continuity in the industry. Most of our key customers have been with us for at least 5 years. Keeping close and frequent touch with them gives us the ability to serve them whenever our services or products are needed, and this drives customer loyalty and retention.

(b) Creating strong presence

We regularly participate in trade shows and exhibitions both locally and overseas, such as the Malaysian International Building Exposition (Malbex), Malaysia International Architectural, Interior Design and Building Exhibition (Archidex) and Home Decor and Design Exhibition (Homedec) to increase our Group's presence and brand name awareness.

Other activities to increase our brand awareness include collaboration with our authorised distributors and dealers to install on-site displays at the point-of-sales mainly at our authorised distributors or dealers' retail outlets.

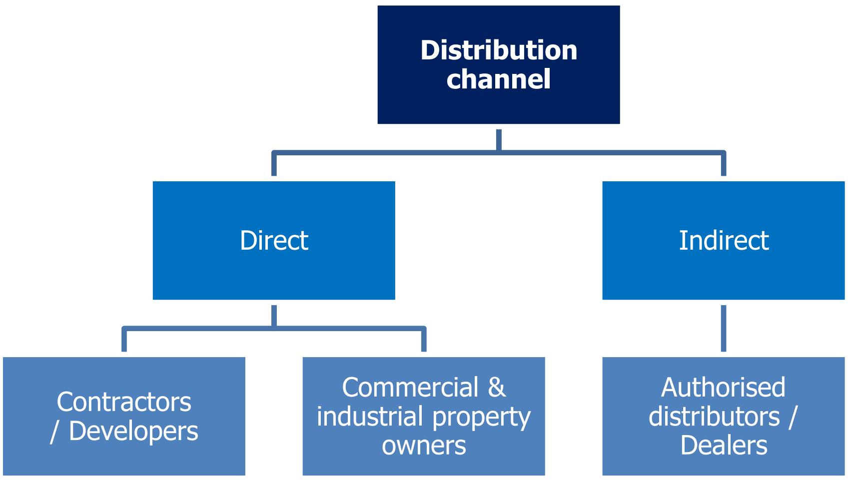
(c) Well trained and informed sales personnel, distributors and dealers

To ensure our sales personnel possess the required skillsets to perform their tasks, our Group has taken steps to educate and equip them with sufficient knowledge about our products so that they can better serve customers. Training is carried out both in-house and also through educational visits to our suppliers' factories for our sales and marketing teams to gain better product knowledge.

Based on our experience, information provided to customers at point-of-sales strongly influence a customer's product selection and decision. Our products are priced slightly higher than other conventional water heater or water-related appliances that we compete with due to the heat transfer technology that we use in our products. In the absence of proper explanation and product understanding, prospective consumers may not be aware of our value proposition in terms of energy savings and zero electrocution risk vis-à-vis the conventional products, and hence unwilling to pay the incremental costs. As such, we also organise training sessions to our authorised distributors and dealers for them to gain better knowledge of our products.

2.7 Distribution network

As at LPD, we adopt a combination of direct and indirect distribution strategy, as follows:



(a) Direct distribution channel

We utilise a direct distribution strategy, performed through our sales and marketing team where our products are sold directly to project customers such as contractors or developers who are involved in the construction of housing projects and commercial buildings. We also sell directly to commercial and industrial users such as owners of hotels and motels, hospitals, universities, health clubs and spas, hostels, office and retail buildings, clubhouses and various factories and manufacturing plants.

(b) Indirect distribution channel

As at LPD, our indirect distribution strategy involves leveraging our distributors' and dealers' distribution network to reach customers that are not covered by our direct distribution channel. Our indirect distribution channel focuses on the retail market who consist mainly of small-scale renovators or plumbers who purchase small quantities or homeowners who purchase our products for their own use.

Similarly, our foreign sales are achieved via the local distributors of the target countries. We currently showcase our products through international distributors and dealers in Singapore and Philippines.

As part of our future strategy to adopt the network marketing distribution model for the retail market, we will convert all our existing authorised distributors in Malaysia to become our independent resellers by the 2nd quarter of 2018. Further discussion of the network marketing approach is set out in Section 2.15(a).

2.8 Awards and achievements

As a testament to our product innovation, our 'Seers' hybrid hot water heater system has received several awards and certifications over the years, some of which are set out below:

Year	Award	Award organisation
2008	• Winner of new product award for the 'Seers' hybrid hot water heater system at the 9th Malaysia Architectural, Interior Design and Building Exhibition ("Archidex 08")(1) • Winner of new product award under the Best of the Best category for the 'Seers' hybrid hot water heater system at Archidex 08(1)	Persatuan Akitek Malaysia
2009	• Winner of the Gold Award at the 20th International Invention, Innovation and Technology Exhibition ("ITEX 2009") • Winner of the Malaysia Innovative Product Award 2009 at ITEX 2009 • Winner of the ITEX 2009 Best Invention – Individual for the 'Seers' hybrid water heater system • Awarded the Asia Cup 2009 for the 'Seers' hybrid water heater system at ITEX 2009	Malaysian Invention and Design Society

Year	Award	Award organisation
2009	• Winner of the WIPO Award for Best Invention at ITEX 2009 for the 'Seers' hybrid water heater system	World Intellectual Property Organization
2012	• Winner of new product award for the 'Seers' instant water heater at 13th Malaysia Architectural, Interior Design and Building Exhibition	Persatuan Akitek Malaysia
2016	• Winner of the BrandLaureate SMEs best brands award 2015-2016 for the 'Seers' hybrid water heater system under the category of corporate branding - consumer	Asia Pacific Brands Foundation

Note:

(1) Awarded to Seers International Sdn Bhd, a company in which Ken KH Foo has interest previously and is in the midst of being struck off.

2.9 R&D / Continuous product development

Since our inception in October 2010, we have demonstrated our commitment to innovation through our history of launching new innovative products. Our product launches over the years are as follows:

Date	Products launched
May 2012	Booster pump and outdoor microfiltration membrane
September 2012	Commercial pump
October 2012	Inverter pump
November 2012	Centralised hybrid hot water system
April 2014	Instant water heater
December 2015	3-second thermos flask
March 2016	Individual storage water heater, CS model
April 2016	Individual storage water heater, CH model
June 2016	Hot water dispenser/ multipoint

Under the leadership of our Managing Director, our R&D team is committed to continuously develop new, innovative products and improve our current range of products, as we believe that this strategy will keep us one step ahead of our competition.

We expect customers' demands for improvements in our product performance to increase over time, and as such we will continue to improve our product design and develop new solutions to remain competitive and grow our business. Through the interplay of feedback received from our customers as well as collaboration and cooperation among business partners along the supply chain, we will continue to carry out R&D activities to:

(a) update our energy saving technology including increasing the usage of more eco-friendly materials in our products;

(b) increase our product range and provide our customers with quality products at affordable prices that is comparable in terms of quality to other foreign brands; and

(c) develop innovative higher profit margin products. It is our intention not to compete with competitors that manufacture and/or sell low margin products.

2.10 Major customers

We have a wide customer base in Malaysia which primarily comprises building contractors and developers as well as commercial & industrial property owners. In addition, we also distribute our products through our authorised distributors and dealers. Our authorised distributors will in turn distribute our products to their dealers which sell them to walk-in customers such as small-scale renovators or plumbers who purchase small quantities of our products or homeowners who purchase our products for their own use.

The table below sets forth our customers which accounted for 10% or more of our total revenue for the FYE 2016 and FYE 2017:

			As a percentage of total revenue, %	
	Customers	**Type of products sold**	**FYE 2016**	**FYE 2017**
(i)	Subsidiary of a public listed property developer	Individual storage DC-heater	5.9	18.0
(ii)	A privately-owned company specialising in plumbing and sanitary services	Individual storage DC-heater	2.8	12.4

2.11 Major suppliers

Prior to 2017, all our manufacturing activities were conducted internally by our Group. The major types of raw materials for the manufacturing of our products are stainless steel, printed circuit boards, various electrical components, plastic casings and copper wires, which are all sourced from the PRC and are widely available. The prices of these raw materials have been generally stable for FYE 2016 with price fluctuations not exceeding 10.0%. However, during FYE 2017, the price for stainless steel was volatile with price fluctuations exceeding 10.0%. As a result of stainless steel price volatility coupled with other factors, our Group's overall GP margin was reduced from 58.6% in FYE 2016 to 46.5% in FYE 2017.

The table below sets forth our suppliers which accounted for 10% or more of our total cost of sales for the FYE 2016 and FYE 2017:

	Suppliers	Type of raw materials /products supplied	As a percentage of total cost of sales, % FYE 2016	FYE 2017
(i)	Shanghai D&D International Trading Co, Ltd	Storage tanks and individual storage DC-heater[(i)]	60.3	56.7
(ii)	SST Heating Energy Co, Ltd	Storage tanks and centralised hybrid hot water system[(i)]	3.1	11.0

Note:

(i) Since early 2017, we have outsourced the majority of our manufacturing activities to third party contract manufacturers based in PRC on an OEM basis as it is more cost effective to do so.

As we have outsourced the majority of our manufacturing activities to third party contract manufacturers, we are dependent on our third party contract manufacturers. The purchases from Shanghai D&D International Trading Co, Ltd was more than 10% for FYE 2016 and FYE 2017 as it is one of our third party contract manufacturer in PRC. We generally do not enter into exclusive contracts with any of our major suppliers or third party contract manufacturers. As such, in the event of any major supply disruptions from our major suppliers, we are still able to source for alternative suppliers. Our Directors are of the opinion that the third party contract manufacturers that we currently use for our product manufacturing can be sourced from the market without significant difficulties.

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2.12 Major approvals, permits, licences and intellectual properties

(a) Major approvals, permits and licences

As at LPD, there are no approvals/permits/licenses issued to our Group for us to carry out our operations, other than those relating to general business requirements. Details of our general business licences are as follows:

No.	Licencee	Issuing Authority/ Registration no.	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(i)	STSB	Shah Alam Municipal Council, Selangor	6 December 2017	31 December 2018	Industrial license	For electrical / mechanical appliances	Complied
(ii)	SMSB	Shah Alam Municipal Council, Selangor	3 November 2017	31 October 2018	Warehouse license	For business office / warehouse	Complied
(iii)	SMSB	SIRIM QAS International Sdn Bhd	25 January 2018	6 March 2019	SIRIM MS product certification license	A license to use the SIRIM certification mark on electric stationary instantaneous water heaters	Complied
(iv)	SMSB	SIRIM QAS International Sdn Bhd	19 January 2018	7 October 2018	SIRIM MS product certification license	A license to use the SIRIM certification mark on electric air-pots	Complied
(v)	SMSB	SIRIM QAS International Sdn Bhd	23 February 2018	30 October 2018	SIRIM MS product certification license	A license to use the SIRIM certification mark on electric storage water heaters	Complied

(b) Intellectual properties

Save as disclosed below, our Group has no other intellectual properties:

(i) Trademark

As at LPD, our Group has registered the following trademark with MyIPO. Save as disclosed below, our Group has no other registered trademarks:

No.	Trademark	Applicant	Issuing authority / Trademark no.	Class	Registration date / Expiry date
(i)	SEERS	SMSB	MyIPO / 2014008844	11 Apparatus for lighting, heating and steam generating	11 August 2014 / 11 August 2024

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(ii) Patents

As at LPD, our Group has filed a total of 3 patent applications to safeguard 3 different inventions relating to our 'Seers' products, as set out below:

No.	Applicant	Title of invention / Descriptions	Issuing authority	Application reference no.	Date of application/ Expiry date	Status of registration
(i)	SMSB	Systems and methods for heating water by absorbing heat in ambient air	MyIPO	PI 20082195	22 October 2008/ 22 October 2028[1]	Registered
			WIPO[2]	PCT/MY/2009/00076	24 June 2009	Pending
(ii)	STSB	Instant water heating apparatus	MyIPO	PI 2012701185	14 December 2012	Pending
(iii)	Ken KH Foo and Eastwood Chan	Apparatus for heating water and methodology thereof[3]	MyIPO	PI 2010005404	18 November 2010	Pending

Notes:

(1) Validity is for a period of 20 years, subject to yearly renewal with prescribed fees to MyIPO.

(2) An international patent application under the PCT enables the applicant to seek patent protection for an invention in each of the PCT contracting country. An application under the PCT procedure includes:-

(a) international phase: international patent application is filed with the WIPO International Bureau; and

(b) national phase: national patent application is filed with the relevant patent offices of the designated PCT contracting states.

As at LPD, SMSB has yet to enter into the national phase.

(3) This patent has been assigned to SMSB via a Deed of Assignment of Patent dated 16 January 2018.

2.13 Principal place of business

As at LPD, we do not own any property. Details of the property which we are currently renting are as follows:

Owner	Address	Land area / Built-up area	Tenancy period	Rental per annum	Existing use
		square feet		RM'000	
Yeap Jing Fong	No 4, Jalan Utarid U5/18A, Seksyen U5 40150 Shah Alam Selangor	26,114/ 20,013	2 years, expiring 31 December 2018	276	Office headquarters cum warehouse

There is an extension at the back portion of the above property. As at LPD, the extended portion is vacant and is intended to be used for parking vehicles when necessary.

Save for the extension as disclosed above, there are no breach of any other land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at the LPD.

2.14 Competitive strengths

The water heating and water-related appliances industry is characterised by intense competition due to the presence of advanced technologies, product design, reliability, performance and quality. Incumbent players need to ensure considerable level of technical knowledge and R&D investment in order to establish its presence. In this regard, our competitive strengths are as follows:

(a) Patented water heating technology

Our patented water heating technology offers an attractive value proposition to our customers as we provide water heating solutions in a reliable, capital-efficient, cost-effective and flexible manner. For property developers, our hot water system minimises customer's capital investment as the energy efficiency of our hot water system means that developers only need to build smaller electrical sub-stations for their property development projects. For other industrial, commercial and residential users, our product yields direct savings in terms of energy cost to the users.

(b) Established track record

Since our inception, we have established a reputation as a distributor of water heating solutions in Malaysia and we have installed our hot water heating solutions in a number of residential, industrial and commercial projects. This is evident from our past project references and on-going projects. Our projects with contract value above RM1.0 million for the past 2 FYE 2016 and 2017 are as follows:

	Project details	Client	Completion date	Project value RM'000
(i)	A mixed development project at Jalan Ampang, Kuala Lumpur	A privately owned company specialising in general plumbing works	July 2017	2,525
(ii)	Luxury high rise residential project at Taman Wahyu, Kuala Lumpur	Subsidiary of a public listed property developer	On-going	2,235
(iii)	Luxury high rise residential project at Subang Jaya, Selangor	A privately owned company specialising in general plumbing works	August 2017	1,025

Some of our customers have appointed us for more than one project over our years of working relationship with them. Due to our track record of repeat work for our existing customers, we believe that we are well-positioned to sustain and develop our business and capture additional opportunities from these returning customers. At the same time, we believe that the goodwill generated among these existing customers may also be converted to potential business opportunities through recommendations to other customers. Furthermore, our past collaboration with various companies within the property development industry has also helped to strengthen our reputation in the water heating industry.

(c) Experienced management team

Our past success and future growth have been and will continue to be influenced by the leadership of our team of experienced directors and key management. Our co-founders and Executive Directors; namely, Ken KH Foo and Eastwood Chan bring with them more than 20 years of accumulated experience in the water heating and air-conditioning related fields. They both play an instrumental role in steering our growth strategies and business direction.

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2.15 Future plans

Our business objectives are to maintain sustainable growth in our business and create long-term shareholder value. To achieve our business objectives, we will implement the following future plans over a period of 24 months from the date of our Proposed Listing. Our growth strategies centre on widening our customer base by broadening our distribution network, brand positioning and development of new products to ensure considerable product portfolio.

(a) Network marketing distribution model

We believe that we are one of the leading players in the supply of water heating solutions in Malaysia, particularly for residential projects undertaken by property developers and commercial usage by business owners. It is our intention to leverage on our market position to increase our market share in Malaysia, for which we hope to expand into the retail market for water heating appliances in Malaysia.

We have incorporated a new wholly-owned subsidiary, SASB to focus on our retail expansion, for which we will adopt a network marketing approach. Under this approach, we will:

(i) Recruit independent resellers to distribute our products

We plan to recruit approximately 50 independent resellers (which shall take the form of companies or sole proprietorships) all across Malaysia in 2018. These independent resellers will sell our products, while at the same time they will also be encouraged to build and manage their own sales team by recruiting and training their own sales personnel. These independent resellers will not be employees of our Group.

As at LPD, we have a distribution network comprising 6 authorised distributors in Johor Bahru, Batu Pahat, Ipoh, Penang, Kuching and Kota Kinabalu. We will convert these authorised distributors into independent resellers under the network marketing approach.

(ii) Set-up the 'Seers' home centres

The 'Seers' home centre will act as a place for the independent resellers to recruit their sales team, conduct marketing activities to prospective customers such as product demonstration, sales, training as well as collection centre for malfunctioned products. We intend to set up 'Seers' home centres in each major city in Malaysia during 2018.

(iii) After sales services and warranty package

As part of our retail marketing strategy, we plan to roll out various types of maintenance and warranty packages for our products such as extended warranty period and free maintenance during the warranty period.

(b) Reinforcing and increase our brand awareness and visibility

We will continue to elevate our brand awareness through advertising and marketing schemes. In this regard, we will continue to tap various media outlets such as newspapers, billboards, radios and social media to enhance customer's awareness of our products.

We also plan to appoint brand ambassadors that would best represent our products and 'Seers' brand. In addition, we will also continue to actively participate in trade conventions related to the property development/construction or home improvement industry in order to increase our brand visibility. By doing so, we will be able to grow our target market and further strengthen our brand name.

(c) New product rollout

Water heaters are replaced on average, every 4 to 6 years although the product lifetime depends on a variety of factors such as hardness of the water and users' maintenance of the product.

We will continuously introduce new water heater and water-related appliances to capture both the new and replacement market. We will capitalise on our market knowledge and expertise to identify trends and opportunities in the market in order to expand our product offerings and price them competitively. Further, we will continue to capitalise on the strength of our 'Seers' brand to market other new products.

One of the new products which we intend to roll out is water softeners. Water softening is the removal of calcium, magnesium and other minerals in hard water. The resulting soft water has fewer minerals and will be gentler on the skin when used. It requires less soap for the same cleaning effort. Soft water also extends the lifetime of plumbing by reducing or eliminating scale build-ups in pipes and fittings.

Environmental concerns, economic viability and social responsibility are factors driving today's society. In line with such factors, we also aim to produce products that engage our consumers to be socially responsible.

We work with third party contract manufacturers in PRC to manufacture our products based on our specifications on an OEM basis. Because of the scale of our purchases, we would be able to negotiate with our contract manufacturer for competitive cost pricing and develop long-term supplier relationship.

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2.16 Prospects of our Group

Our Company is engaged in the business of water heater and water-related appliances. Our products are widely and mainly used in residential, commercial and industrial buildings. As our principal market is in Malaysia, the prospects for our business and demand of our products are primarily driven by the general economic conditions and activities in the property development market in Malaysia. In addition, our business growth is also dependent on consumer spending.

(a) Overview and outlook of the Malaysian economy

In 2017, the Malaysian economy recorded a robust growth of 5.9% (2016: 4.2%), supported by faster expansion in both private and public sector spending. A key highlight for the year was the rebound in gross exports growth as global demand strengthened. This was due mainly to higher demand from major trading partners following the upswing in the global technology cycle, investment expansion in the advanced economies and the turnaround in commodity prices. Altogether, the global technology upturn translated into robust demand for electronics and electrical (E&E) products while the stronger regional demand and the revival in investment activity in the advanced economies lifted exports of non-E&E products. Commodity exports also turned around in 2017, supported largely by the recovery in major commodity prices.

Overall, the fundamentals of the Malaysian economy continued to strengthen. Structural policies carried out over the decades have resulted in a highly open and diversified economy with multiple sources of growth. Improving labour market conditions amid faster wage growth continued to support household spending. Healthy financial institutions and sufficient domestic liquidity also ensured orderly financial intermediation. Furthermore, Malaysia's external position remained strong and well-protected from a sharper depreciation, supported by sufficient international reserves and manageable levels of external debt.

Despite the strong growth in 2017, structural reforms remained a priority to strengthen economic fundamentals and to safeguard the sustainability of the growth momentum. These include efforts to enhance domestic value-added in production and exports, promote higher quality domestic and foreign investments, raise productivity and cultivate a future-ready quality labour force.

The global economy is projected to expand at a faster pace in 2018, driven largely by private consumption and boosted by investment activity in the advanced economies. In Asia, trade activity will continue to expand, albeit at a more moderate pace. Financing conditions are likely to remain accommodative despite the ongoing normalisation of global monetary policy. In the advanced economies, the strength of investments is likely to persist through 2018 and Asian economies will continue to benefit from positive spill overs from the external sector. Other emerging market economies are also likely to see a pickup in growth, while commodity exporters will observe a rebound in domestic demand due to higher global crude oil prices. Overall, risks to the global outlook are poised to become more broadly balanced. Nevertheless, several downside risks stemming from 2017 linger. These include uncertainties surrounding the effects of a synchronised monetary policy normalisation across major economies, the inward-looking trade policies that threaten international trade, in addition to geopolitical risks that could adversely affect sentiments in global financial markets.

Amid the stronger global economic conditions, the Malaysian economy is projected to grow by 5.5% - 6.0% in 2018. Domestic demand will continue to be the anchor of growth, underpinned by private sector activity.

(Source: Bank Negara Malaysia Annual Report 2017)

The Malaysian economy expanded by 5.4% in the first quarter of 2018 (4Q 2017: 5.9%), driven by continued growth in private sector spending (5.2%; 4Q 2017: 7.4%) and strong growth in net exports (62.4%; 4Q 2017: 2.3%). On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.4% (4Q 2017: 1.0%).

In 2018, growth is projected to remain favourable, with domestic demand as the key driver of growth. The positive growth prospects are supported by continued spill overs from the external sector to domestic economic activity. Trade performance is expected to benefit from favourable global demand, new export production capacity and exposure to the global technology cycle.

(Source: Bank Negara Malaysia Quarterly Bulletin – First Quarter 2018)

(b) Overview and outlook of the property industry in Malaysia

In 2017, the Malaysian property market registered a total transaction volume of 311,824, reflecting a decline in total transaction volume of 2.7% as compared to 320,425 in 2016. The value of transactions declined by 3.8%%, from RM145,408.09 million in 2016 to RM139,839.72 million in 2017. Residential properties dominated the market activity and accounted for 62.4% (2016 : 63.4%) and 49.0% (2016 : 45.1%) of transaction volume and value respectively during that period.

(Source: Property Market Report 2017, Valuation and Property Services Department, Ministry of Finance Malaysia)

(c) Overview and outlook of the consumer sector in Malaysia

Private consumption growth improved to 7.0% in 2017 (2016: 6.0%), supported mainly by continued wage and employment growth, with additional impetus from Government measures. Aggregate nominal wages in the private and public sectors grew by 6.4% and 6.2%, respectively in 2017 (2016: 4.3% and 6.4%, respectively). Civil servants continued to benefit from the upward revision in their salaries that took place in July 2016. Consumer spending was further supported by Government measures to increase household disposable income, such as the reduction in employees' contribution to the Employees Provident Fund (EPF) by three percentage points (11% to 8%) and higher *Bantuan Rakyat 1Malaysia* (BR1M) pay outs. Some of these measures were enacted to support the economy in March 2016 on account of the more challenging outlook. The recovery in consumer sentiments from its lowest level in 2015 also contributed to the stronger private consumption growth in 2017.

Private consumption growth is expected to remain sustained, supported by continued growth in employment and income, lower inflation and improving sentiments. Income growth will be supported by a robust export performance and continued Government measures, such as the continuation of *Bantuan Rakyat 1Malaysia* cash transfers, individual income tax reduction, and the special payment to all civil servants and retirees. Private investment growth will also be sustained, underpinned by ongoing and new capital spending in both the manufacturing and services sectors, and strengthened by continued positive business sentiments. Public sector expenditure is projected to decline due to the contraction in public investment amid more moderate growth in public consumption.

(Source: Bank Negara Malaysia Annual Report 2017)

Private consumption registered a sustained growth of 6.9% (4Q 2017: 7.0%), supported by continued strength in wage and employment growth.

(Source: Bank Negara Malaysia Quarterly Bulletin - First Quarter 2018)

(d) Prospects of our Group

Although the Malaysian property market was soft in 2017, our revenue during FYE 2017 remained consistent with FYE 2016 due to our diligent efforts and marketing strategies.

The population in Malaysia has continued to be on an upward trend. According to the Population and Housing Census, Malaysia 2010, the total population of Malaysia was 28.6 million. This figure has reached an estimated of 32.0 million in 2017, and is projected to grow steadily to reach 41.5 million in 2040.

(Source: Department of Statistics, Malaysia)

Moving forward, the sustained purchasing power and growing private consumption amongst consumers will ensure steady growth in demand for our products; whether by customers for their project development projects, commercial or industrial usages, or through new purchases by new households or the continuous replacement purchases which are done from time to time. As such, we expect the demand for our products to continue to expand, albeit at a moderate pace, underpinned by our sustained economy growth and consumption spending, growing population, and construction of new homes and commercial buildings as well as continuous product innovation.

Based on the above, as water heater and water-related appliances are generally used by most households, we believe that the demand for our products is also indirectly correlated to the size of the national population. In tandem with this trend, the usage and demand for water heater and water-related appliances are expected to increase accordingly. In addition, the water heater and water-related appliances industry will also see sustained demand from new residential and commercial projects to be built annually. Meanwhile, the continued innovation and development of newer products with enhanced applications and features, coupled with greater marketing and branding efforts as well as consumers' attitude towards environmental sustainability and social responsibility are also expected to bolster demand for our products. This trend is especially prevalent amongst the younger and more sophisticated and affluent consumers.

As discussed in Section 2.2 above, moving forward, the Energy Commission plans to implement MEPS for more domestic appliances including water heater. At present, there is little information available to consumers regarding the energy performance of water heating appliances. The mandatory labeling under MEPS will provide consumers with the information necessary to encourage informed purchasing decisions. We expect this to augur well for our water-heating products due to its energy saving proposition.

(Source: Our management)

Notwithstanding our future plans and prospects, Sophisticated Investors should take note of the risk factors relating to our Group as set out in Part III: Risk Factors.

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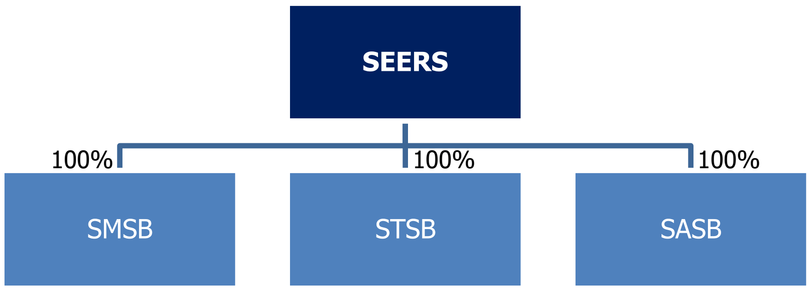
3. GENERAL INFORMATION ON OUR GROUP

3.1 Incorporation and history

We were incorporated in Malaysia on 25 October 2017 under the Act as a private limited company under the name Seers Sdn Bhd. On 31 May 2018, we converted into a public company limited by shares and adopted the name Seers Berhad.

We are an investment holding company. As at LPD, we only have 3 subsidiaries, SMSB, STSB and SASB. Through our subsidiaries, we are principally involved in the water heater and water-related appliances business.

There has been no material change in the manner in which our Company conducts its business or activities since our incorporation up to the LPD. Our Group structure as at LPD is as follows:



Our share capital as at LPD is RM3,864,380 comprising 193,219,000 Shares. The changes in our share capital since our incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Types of issue	Cumulative share capital
			RM
25 October 2017	500	Cash	10
26 February 2018	193,218,500	Issued pursuant to the Acquisitions	3,864,380

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

Upon completion of the Proposed Placement, our Company's enlarged share base will be RM9,016,892 comprising 257,625,400 Shares.

3.2 Details of the Acquisitions

In preparation for our Proposed Listing, we have undertaken the Acquisitions:

(a) On 22 January 2018, we entered into a conditional share sale agreement with the SMSB Vendors to acquire the entire equity interest in SMSB comprising 400,000 ordinary shares for a total purchase consideration of RM3,864,360. The purchase consideration for the Acquisition of SMSB was satisfied by the issuance of 193,218,000 new Shares to the SMSB Vendors at an issue price of RM0.02 each; and

(b) On 22 January 2018, we entered into a conditional share sale agreement with the STSB Vendors to acquire the entire equity interest in STSB comprising 50,002 ordinary shares for a total purchase consideration of RM10. The purchase consideration for the Acquisition of STSB was satisfied by the issuance of 500 new Shares to the STSB Vendors at an issue price of RM0.02 each.

The details of the SMSB Vendors and STSB Vendors and the number of Shares issued to them pursuant to the Acquisitions are as follows:

SMSB Vendor	**No. of SMSB shares acquired**	**% of share capital in SMSB**	**Purchase consideration**	**No. of Shares issued**
			RM	
Ken KH Foo	304,000	76.0	2,936,914	146,845,680
Eastwood Chan	40,000	10.0	386,436	19,321,800
Yeen Yoon Hin	40,000	10.0	386,436	19,321,800
Khoo Chee Siang	16,000	4.0	154,574	7,728,720
Total	**400,000**	**100.0**	**3,864,360**	**193,218,000**

STSB Vendor	**No. of STSB shares acquired**	**% of share capital in STSB**	**Purchase consideration**	**No. of Shares issued**
			RM	
Ken KH Foo	45,002	90.0	9	450
Eastwood Chan	5,000	10.0	1	50
Total	**50,002**	**100.0**	**10**	**500**

The Acquisitions were completed on 26 February 2018. Thereafter, SMSB and STSB became our wholly-owned subsidiaries.

The total purchase consideration of RM3,864,360 and RM10 for the Acquisition of SMSB and Acquisition of STSB respectively were arrived based on a "willing-buyer willing-seller" basis after taking into consideration the unaudited NA of SMSB and unaudited net liabilities of STSB as at 31 August 2017 of RM3,864,357 and RM55,809 respectively.

The new Shares issued pursuant to the Acquisitions rank pari passu in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

3.3 Subsidiaries

As at LPD, we only have 3 subsidiaries, SMSB, STSB and SASB. We do not have any associated companies. Details of our subsidiaries are set out below.

3.3.1 SMSB

SMSB was incorporated as a private limited company in Malaysia on 11 October 2010 under the Companies Act, 1965 under its present name and commenced its business thereafter.

SMSB is principally involved in the water heater and water-related electrical appliances business. Prior to 2016, SMSB was principally involved in the marketing of water heater and water-related electrical appliances, while the manufacturing of the water heater and water-related electrical appliances was undertaken by STSB. Since 2016, STSB had ceased its manufacturing activities, which was transferred to SMSB. From early 2017 onwards however, SMSB has outsourced most of its manufacturing activities to third party contract manufacturers in PRC on an OEM basis.

As at LPD, SMSB does not have any subsidiary or associated company.

SMSB's share capital as at LPD is RM400,000 comprising 400,000 ordinary shares. The changes in the share capital of SMSB since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Types of issue	Cumulative share capital
			RM
11 October 2010	2	Cash	2
25 July 2014	99,998	Cash	100,000
8 October 2014	300,000	Cash	400,000

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

As at LPD, the Directors of SMSB are Ken KH Foo and Eastwood Chan.

3.3.2 STSB

STSB was incorporated as a private limited company in Malaysia on 11 October 2010 under the Companies Act, 1965 under its present name and commenced its business thereafter.

Prior to 2016, STSB was principally involved in the manufacturing of water heater and water-related electrical appliances. STSB had since then ceased its manufacturing activities, which was transferred to SMSB. Since then, STSB is only involved in the customisation works of water heater and water-related electrical appliances in accordance with customers' specific requirements (if any), and R&D works for new products.

As at LPD, STSB does not have any subsidiary or associated company.

STSB's share capital as at LPD is RM50,002 comprising 50,002 ordinary shares. The changes in the share capital of STSB since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Types of issue	Cumulative share capital
			RM
11 October 2010	2	Cash	2
2 September 2014	50,000	Cash	50,002

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

As at LPD, the Directors of STSB are Ken KH Foo and Eastwood Chan.

3.3.3 SASB

SASB was incorporated as a private limited company in Malaysia on 17 January 2018 under the Act under its present name.

SASB is currently dormant. However, the intended principal activity of SASB is that of distribution of water heater and water-related electrical appliances.

As at LPD, SASB does not have any subsidiary or associated company.

SASB's share capital as at LPD is RM1.00 comprising 50 ordinary shares. There has been no change in the share capital of SASB since its incorporation.

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

As at LPD, the Director of SASB is Ken KH Foo.

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3.4 Shareholding structure

Our shareholding structure, before and after the Proposed Placement is as follows:

	As at LPD				After the Proposed Placement			
	Direct		Indirect		Direct		Indirect	
Shareholders	**No. of Shares**	**(1)%**	**No. of Shares**	**(1)%**	**No. of Shares**	**(2)%**	**No. of Shares**	**(2)%**
Ken KH Foo	146,846,380	76.0	-	-	146,846,380	57.0	-	-
Eastwood Chan	19,322,100	10.0	-	-	19,322,100	7.5	-	-
Yeen Yoon Hin	19,321,800	10.0	-	-	19,321,800	7.5	-	-
Khoo Chee Siang	7,728,720	4.0	-	-	7,728,720	3.0	-	-

Notes:

(1) Based on our existing share base of 193,219,000 Shares in issue.

(2) Based on our enlarged share base of 257,625,400 Shares upon completion of the Proposed Placement.

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3.5 Cost of investments

Details of the cost of investments of the SMSB Vendors and STSB Vendors in SMSB and STSB are as follows:

SMSB Vendors	Cost of investment RM	Date of investment	No. of SMSB shares	%
Ken KH Foo	304,000	11 October 2010; 25 July 2014; and 8 October 2014	304,000	76.0
Eastwood Chan	40,000	11 October 2010; 25 July 2014; and 8 October 2014	40,000	10.0
Yeen Yoon Hin	(1)1,000,000	30 August 2017	40,000	10.0
Khoo Chee Siang	(2)114,321	30 August 2017	16,000	4.0

Notes:

(1) Yeen Yoon Hin had acquired the SMSB shares from Ken KH Foo on a "willing-buyer willing-seller" basis and based on a valuation of RM10.0 million for the entire equity interest of SMSB.

(2) Khoo Chee Siang had acquired the SMSB shares from Ken KH Foo on a "willing-buyer willing-seller" basis and based on the audited NA of SMSB as at 31 December 2016 of RM2,858,013.

STSB Vendors	Cost of investment RM	Date of investment	No. of STSB shares	%
Ken KH Foo	45,002	11 October 2010; and 2 September 2014	45,002	90.0
Eastwood Chan	5,000	11 October 2010; and 2 September 2014	5,000	10.0

Pursuant to the Acquisitions, we had acquired the entire equity interest in SMSB and STSB from the SMSB Vendors and STSB Vendors at purchase considerations of RM3,864,360 and RM10 respectively. The purchase considerations were satisfied by the issuance of 193,218,000 and 500 new Shares to the SMSB Vendors and STSB Vendors respectively at an issue price of RM0.02 each.

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4. DETAILS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

4.1 Promoters, substantial shareholders and Directors

4.1.1 Shareholdings

The shareholdings of our Promoters, substantial shareholders and Directors in our Company are as follows:

		As at LPD				After the Proposed Placement			
		Direct		Indirect		Direct		Indirect	
Name	Position / Directorship	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Khoo Chee Siang	Independent Non-Executive Director	7,728,720	4.0	-	-	7,728,720	3.0	-	-
Ken KH Foo	Promoter/ Substantial shareholder/ Executive Director/	146,846,380	76.0	-	-	146,846,380	57.0	-	-
Eastwood Chan	Promoter/ Substantial shareholder/ Executive Director	19,322,100	10.0	-	-	19,322,100	7.5	-	-
Yeen Yoon Hin	Substantial shareholder	19,321,800	10.0	-	-	19,321,800	7.5	-	-

4.1.2 Profiles

(a) Khoo Chee Siang

Khoo Chee Siang, a Malaysian aged 42, is our Independent Non-Executive Director. He was appointed to our Board on 15 May 2018. He is not involved in the daily operations of our Group.

He has approximately 17 years of working experience in auditing, corporate finance and business advisory works across various industries. He obtained his professional accounting qualification from the Association of Chartered Certified Accountants of the UK in December 2002. He is a Member of the Association of Chartered Certified Accountants since April 2003 and Fellow Member of the Association of Chartered Certified Accountants since April 2008. He has been a member of Malaysian Institute of Accountants since August 2003.

In January 2000, he started his career in Morison Anuarul Azizan Chew & Co as Audit Assistant and was involved in the audit of non-listed and listed companies of various industries. In January 2003, he was internally transferred to the firm's Corporate Finance and Advisory Department as Senior Consultant, where he was responsible for various corporate exercise assignments including scheme of arrangement and business plan proposals, investigative audits and distressed asset management. He left Morison Anuarul Azizan Chew & Co as Senior Consultant in June 2004 and joined Finmart Alliance Sdn Bhd, a boutique corporate advisory firm that provides corporate finance and business advisory services. After a 4-year stint with the boutique corporate advisory firm as an Associate Director from July 2004 to October 2008, he joined UHY Advisory (KL) Sdn Bhd as Head of Corporate Advisory and Restructuring in December 2008. In January 2010, he became Executive Director of UHY Advisory (KL) Sdn Bhd. He was involved in corporate and business advisory such as initial public offerings, debt and corporate restructuring, auditing and share valuation. He was attached to the company until July 2016. In March 2017, he joined SCH Group Berhad as its Executive Director.

Currently, he also sits on the board of directors of Boon Koon Group Berhad and Green Ocean Corporation Berhad.

Khoo Chee Siang does not have any family relationship with any director and/or substantial shareholders of our Group nor does any of his involvement in any businesses outside of our Group give rise to any conflict of interests with our Group.

(b) Ken KH Foo

Ken KH Foo, a Malaysian aged 44 is one of our co-founders and Executive Director. He was appointed to our Board on 25 October 2017. Together with Eastwood Chan, he invented the proprietary 'Seers' water heater system that uses an internationally patented 12-volt driven heat extraction technology. He is presently involved in the overall operations of our Group, overseeing business development, sales and marketing, product development, as well as finance and operations.

Ken KH Foo completed his secondary education at Sekolah Menengah Kebangsaan Hamid Khan in Penang in 1991. He started his career in 1992 as a technician for air-conditioning maintenance with Cahua Engineering Sdn Bhd. He left in 1995 and joined GAE Parts and Services Sdn Bhd as technician where he was involved in installation, service and maintenance of air conditioning system and equipment for commercial and industrial segments. He left in 1997 to join Parventure Sdn Bhd, a company involved in ducting materials for air conditioning systems as Managing Director. Subsequently, he left Parventure Sdn Bhd in 2002 and joined Sri Prisma Sdn Bhd, a manufacturer of flexible ducting materials as Managing Director. He subsequently left Sri Prisma Sdn Bhd in 2010.

Ken KH Foo has more than 25 years of technical experience in the heating, ventilation and air conditioning field. Through his experience in temperature control systems, together with Eastwood Chan, they successfully invented the proprietary 'Seers' water heater system in 2008.

Ken KH Foo is the brother-in-law of Eastwood Chan. Save as disclosed, he does not have any family relationship with any director and/or substantial shareholders of our Group nor does any of his involvement in any businesses outside of our Group give rise to any conflict of interest with our Group.

(c) Eastwood Chan

Eastwood Chan, a Malaysian aged 51, is one of our co-founders and Executive Director. He was appointed to our Board on 25 October 2017. Together with Ken KH Foo, he invented the proprietary 'Seers' water heater system that uses an internationally patented 12-volt driven heat extraction technology. He is presently involved in the technical aspects of our Group's products, overseeing our R&D and product design and development activities, including the quality assurance of our products.

Eastwood Chan graduated in 1990 from City and Guilds of London Institute with a Certificate for Telecommunication. He also holds a Diploma in Electronics Engineering from Federal Institute of Technology, which he obtained in 1991. He is also a Certified Chargeman by the Energy Commission Malaysia.

He started his career in 1991 with Hewlett Packard (M) Sdn Bhd as a technician, involved in maintenance, trouble shooting for electrical and electronics control circuits, refrigeration systems and various machine and equipment. He was later promoted to Procurement Executive where he was involved in the factory project management team, responsible to support projects relating to electrical and mechanical parts of the air conditioning systems for factory refurbishments and extensions. He left in 1998 to join GAE Parts and Services Sdn Bhd ("GAE") as the Service Executive. He was involved in project site testing, commissioning for electric panels, chillers, pump and other refrigerant systems as well as installation and servicing air conditioning systems. He left GAE in 2008 as Director. He was appointed as the Non-Executive Director of GAE in 2017 when he inherited GAE's shareholdings from his father. However, he is not involved in the day-to-day business operations of GAE.

Eastwood Chan has more than 25 years of technical experience in the heating, ventilation and air conditioning field covering areas such as statistical quality control and training, installation, testing, commissioning, service and maintenance. Through his experiences in temperature control systems, together with Ken KH Foo, they successfully invented the proprietary 'Seers' water heater system in 2008.

Eastwood Chan is the brother-in-law of Ken KH Foo. Save as disclosed, he does not have any family relationship with any director and/or substantial shareholders of our Group nor does any of his involvement in any businesses outside of our Group give rise to any conflict of interest with our Group.

(d) Yeen Yoon Hin

Yeen Yoon Hin, a Malaysian, aged 65, is our substantial shareholder.

He pursued his secondary education until Form Three in 1970 at Sekolah Menengah Kebangsaan St Paul in Seremban, Negeri Sembilan.

Yeen Yoon Hin joined UMS Holdings Berhad, a company listed on Bursa Securities, as an apprentice in 1973, where he was exposed to the company's store keeping operations. He left UMS Holdings Berhad in 1977 to establish Chee Heng Motor Supply with his business partners, where he was in charge of the sales and marketing functions of Chee Heng. In 1983, he left Chee Heng Motor Supply to establish Sin Chee Heng Sdn Bhd with two other business partners. Sin Chee Heng Sdn Bhd was subsequently acquired by SCH Group Berhad ("SCH") in 2013 as part of the group's restructuring to list on the ACE Market of Bursa Securities. Yeen Yoon Hin was appointed as Executive Director to the Board of Directors of SCH in 2012, a position he served up to March 2017.

Yeen Yoon Hin does not have any family relationship with any director and/or substantial shareholders of our Group nor does any of his involvement in any businesses outside of our Group give rise to any conflict of interests with our Group.

4.1.3 Directors remuneration and benefits

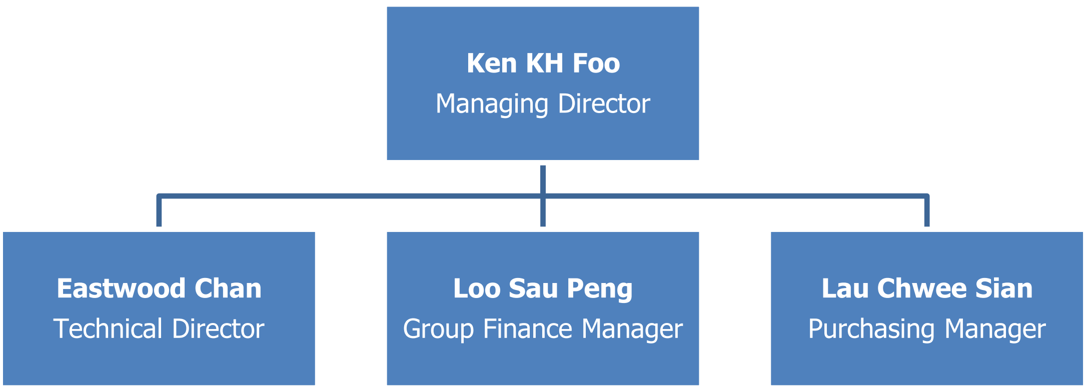
The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for FYE 2017 to 2018 are as follow:

	FYE 2017	Estimate for FYE 2018
	RM'000	**RM'000**
Directors' fees	-	10
Directors' remuneration	275	560
	275	**570**

4.2 Key management personnel

4.2.1 Organisation chart

The following depicts the organisational chart of our Group:



4.2.2 Shareholdings

Aside from our Directors, our key management do not have any shareholdings in our Company as at LPD and will not have any shareholdings in our Company after the Proposed Placement.

4.2.3 Profiles

Save for the profiles of Ken KH Foo and Eastwood Chan which are set out in Section 4.1.2 above, the profiles of our other key management personnel are as follows:

(a) Loo Sau Peng

Loo Sau Peng, a Malaysian aged 46, is our Group Finance Manager. She has been assisting our Group since 2014 on a contractual basis, responsible for the payroll, accounting and tax filings of our Group. She joined us as a full-time employee in November 2017 and is in charge of our Group's overall accounting and finance functions.

She holds a Certificate from London Chamber of Commerce and Industry for accounting, business statistics and book keeping and accounts. Upon graduation, she started her career in 1992 as an Accounts and Administration Officer in a manufacturing company. She was involved in maintaining and handling of the accounts for the company. Subsequently she left in 1999 to join Macglotech Steel Sdn Bhd as the Accounts Supervisor. In 2004, she joined Team Delta Rovers (M) Sdn Bhd as the Head of Accounts and Administration where she was responsible for the overall accounting and administration functions. She left in 2014 to join our Group on a contractual basis. She has accumulated 25 years of working experience undertaking roles pertaining to the accounting and administration functions.

(b) Lau Chwee Sian

Lau Chwee Sian, a Malaysian aged 44, is our Purchasing Manager. She graduated from Institut Technologi Pertama with a Diploma in Electrical / Electronic Engineering in 1995.

She started her career with Hua Rong (M) Sdn Bhd in 1992 as a technician and later joined a telephone manufacturing company, Thomson Audio Muar Sdn Bhd as a trouble shooter for defect telephone products in 1993. She stopped working to study for her diploma on full-time basis in 1994. After obtaining her Diploma in Electrical / Electronic Engineering in 1995, she joined Matromatic Handling Systems (M) Sdn Bhd as a Project Coordinator, in charge of costing for the electrical department. She was then promoted to Store Executive in 1997 where she monitored and handled all the stocks in the company's warehouse. She was promoted to the Purchasing Executive in 1999 and was fully in charge of all the purchasing functions of the company.

She left in 2009 to join BT Automotive Systems Sdn Bhd as the Warehouse Executive where she gained experience in monitoring and planning deliveries to customers and warehouse management. She then joined our Group in 2012 as Purchasing Executive and was promoted to Purchasing Manager in November 2017. She is in charge of all the purchasing functions and managing the stocks in our warehouse. She is also involved in our product costing.

4.3 Employees

As at LPD, we have 29 employees (including our Executive Directors), all of whom are employed as full-time employees. All of our employees are Malaysians.

None of our employees belong to any labour union. The relationship and cooperation between our management and our employees have always been good and we expect this to continue in the future. As at LPD, there is no major industrial dispute pertaining to our employees. Over the FYE 2016 to 2017, there has not been any incident of work stoppage or labour disputes that has materially affected our operations.

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4.4 Interests outside our Group

Save as disclosed below, none of our Promoter, Directors and key management personnel has any other interests outside our Group in the past 3 years up to the LPD:

(a) Khoo Chee Siang

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held Direct	Indirect
Present involvement						
SCH Group Berhad	Distribution and supply of quarry industrial products	Executive Director	2 March 2017	-	6.6	-
Sin Chee Heng Sdn Bhd	Distribution and supply of quarry industrial products	Executive Director	30 April 2017	-	-	-
Sin Chee Heng (Johore) Sdn Bhd	Distribution and supply of quarry industrial products	Executive Director	30 April 2017	-	-	-
Sin Chee Heng (Butterworth) Sdn Bhd	Distributing of all kinds of quarry industrial products in the northern region of peninsular Malaysia	Executive Director	30 April 2017	-	-	-
SCH Machinery & Equipment Sdn Bhd	Supplying and distributing of quarry machinery, quarry equipment and reconditioned quarry machinery	Executive Director	30 April 2017	-	-	-
SCH Wire-Mesh Manufacturing Sdn Bhd	Manufacturing and distribution of quarry grill	Executive Director	30 April 2017	-	-	-

PART I: INFORMATION ON OUR GROUP (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held Direct	% of shareholdings held Indirect
Sin Chee Heng (Sarawak) Sdn Bhd	Distributing of all kinds of quarry industrial products to the quarry industry in the north west of east Malaysia	Executive Director	30 April 2017	-	-	-
Sin Chee Heng (Kuantan) Sdn Bhd	Distributing of all kinds of quarry industrial products to the quarry industry in the eastern region of peninsular Malaysia	Executive Director	30 April 2017	-	-	-
SCH Corporation Sdn Bhd	Investment holding company	Executive Director	30 April 2017	-	-	-
Sin Chee Heng (Sabah) Sdn Bhd	Distributing of all kinds of quarry industrial products to the quarry industry in the north east of east Malaysia	Executive Director	30 April 2017	-	-	-
Gladbliss Sdn Bhd	Property and food and beverages investment holding	Non-Executive Director	20 September 2015	-	-	13.2
Kekal Nusantara Sdn Bhd	Property investment holding	Executive Director	28 February 2014	-	33.0	-
Junglebook Sdn Bhd	Food and beverages	-	-	-	5.0	-
Junglebook Property Sdn Bhd	Property investment holding	-	-	-	5.0	-
Kim Yuen Land Sdn Bhd	Property and food and beverages investment holding	-	-	-	2.5	-

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held Direct	Indirect
Padi Properties Sdn Bhd	Property and food and beverages investment holding	Non-Executive Director	-	-	5.0	-
Boon Koon Group Berhad	Manufacturing of commercial vehicles, trading and reselling of commercial vehicle accessories and technical and administrative services and property development	Non-Executive Director	5 May 2017	-	-	-
Green Ocean Corporation Berhad	Production of crude palm kernel oil and palm kernel expeller and trading of refined palm oil	Non-Executive Director	18 September 2017	-	-	-
Past involvement						
UHY Advisory (KL) Sdn Bhd	Provision of accounting and consultancy services	Executive Director	1 June 2010	30 July 2016	8.3	-
UHY Malaysia China Business Advisory Sdn Bhd	Dormant, previously involved in advisory services	Executive Director	1 April 2016	30 July 2016	50.0	-
Oneasia Advisory Sdn Bhd	Dormant, previously involved in advisory services	Non-Executive Director	21 August 2009	30 July 2016	50.0	-
Vsolar Group Berhad	Engineering, procurement and construction of solar renewable energy, marketing & distribution in enterprise hardware and software solutions	Non-Executive Director	27 April 2010	29 December 2017	-	-

(b) Ken KH Foo

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held Direct	Indirect
Present involvement						
Seers Distribution Sdn Bhd(1)	Dormant. Intended to carry on the business of marketing, trading and distribution of all kinds of goods	Director and Shareholder	6 June 2012	-	50.0	-
Seers Care Sdn Bhd(1)	Currently inactive. Previously involved in the wholesale of hot water heaters and other related electrical appliances	Director and Shareholder	9 January 2015	-	50.0	-
Instant Paramount Sdn Bhd(1)	Money lending and financing	Director and Shareholder	23 September 2002	-	50.0	-
Water Fuel Sdn Bhd(1)	Trading in fuel and automation system	Director and Shareholder	2 December 2008	-	60.0	-
DC Heater Pte Ltd	Distribution of water heaters in Singapore	Director and Shareholder	8 July 2011	-	50.0	-
Past involvement						
Baby Heater Sdn Bhd	This company has been dissolved	Director and Shareholder	6 April 2010	-	65.0	-
Compack Air Sdn Bhd	This company has been dissolved	Director and Shareholder	3 March 2003	-	50.0	-
Sri Prisma Sdn Bhd	This company has been dissolved	Director and Shareholder	10 October 2002	-	99.9	-
Enpresys Technology Sdn Bhd	This company has been dissolved	Director	1 March 1996	-	66.7	-

PART I: INFORMATION ON OUR GROUP (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held Direct	Indirect
Seers Malaysia Sdn Bhd	The company has since been dissolved	Director and Shareholder	10 September 2008	-	50.0	-
Seers International Sdn Bhd	In the midst of voluntary winding up	Director and Shareholder	26 March 2008	-	85.7	-

Note:

(1) In the midst of striking off.

(c) Eastwood Chan

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held Direct	Indirect
Present involvement						
Seers Distribution Sdn Bhd[(1)]	Dormant. Intended to carry on the business of marketing, trading and distribution of all kinds of goods	Director and Shareholder	6 June 2012	-	50.0	50.0
Seers Care Sdn Bhd[(1)]	Currently inactive. Previously involved in the wholesale of hot water heaters and other related electrical appliances	Director and Shareholder	9 January 2015	-	50.0	-
GAE Parts & Service Sdn Bhd	Provision of air conditioning systems installation and its related services	Director and Shareholder	12 December 2017	-	70.0	-
Past involvement						
GPS Electrical & Engineering Sdn Bhd	This company has been dissolved	Director and Shareholder	15 May 2002	-	50.0	-
Seers International Sdn Bhd	In the midst of voluntary winding up	Director	14 April 2010	-	-	-

Note:

[1] In the midst of striking off.

(d) Yeen Yoon Hin

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held Direct	Indirect
Present involvement						
Speed Volta Belt Sdn Bhd [1]	Currently dormant. Previously involved in the trading of all types of belts for industrial, commercial and general use	Director and Shareholder	22 August 2001	-	30.0	-
Eco Blackgold Sdn Bhd	Plantation	Director and Shareholder	18 December 2014	-	20.0	-
Past involvement						
Speed Wire-Mesh Sdn Bhd	This company has been dissolved	Director and Shareholder	22 August 2001	-	33.0	-
SCH Engineering Sdn Bhd[1]	Dormant. Intended to provide engineering works and services	Director and Shareholder	3 November 1994	-	50.0	-
SCH Volta Belt (M) Sdn Bhd	This company has been dissolved	Director	1 September 2000	-	-	-
SCH Chemicals Sdn Bhd	This company has been dissolved	Director and Shareholder	1 April 1996	-	33.0	-
SCH Taeryuk Rubber Sdn Bhd	This company has been dissolved	Shareholder	-	-	50.0	-

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
SCH Group Berhad	Investment holding with its subsidiaries involved in the business of distribution and supplying of quarry industrial products, quarry machinery, quarry equipment and reconditioned quarry machinery	Director	13 March 2012	31 March 2017	-	-
Sin Chee Heng (Butterworth) Sdn Bhd	Distributing of all kinds of quarry industrial products in the northern region of peninsular Malaysia	Director	26 October 1993	30 April 2017	-	-
Sin Chee Heng Sdn Bhd	Supplying and distributing of all kinds of quarry industrial products and quarry machinery in the central region of peninsular Malaysia	Director	1 May 1986	30 April 2017	-	-
SCH Machinery & Equipment Sdn Bhd	Supplying and distributing of quarry machinery, quarry equipment and reconditioned quarry machinery	Director	17 August 2006	30 April 2017	-	-
SCH Wire-Mesh Manufacturing Sdn Bhd	Manufacturing and distribution of quarry grill	Director	1 April 1999	30 April 2017	-	-
Sin Chee Heng (Sarawak) Sdn Bhd	Distributing of all kinds of quarry industrial products to the quarry industry in the north west of east Malaysia	Director	19 September 1997	30 April 2017	-	-

PART I: INFORMATION ON OUR GROUP (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	**Indirect**
Sin Chee Heng (Kuantan) Sdn Bhd	Distributing of all kinds of quarry industrial products to the quarry industry in the eastern region of peninsular Malaysia	Director	22 November 1993	30 April 2017	-	-
SCH Corporation Sdn Bhd	Investment holding company	Director	5 July 1997	30 April 2017	-	-
Sin Chee Heng (Johore) Sdn Bhd	Distributing of all kinds of quarry industrial products to the quarry industry in the southern region of peninsular Malaysia	Director	18 November 1992	30 April 2017	-	-
Sin Chee Heng (Sabah) Sdn Bhd	Distributing of all kinds of quarry industrial products to the quarry industry in the north east of east Malaysia	Director	15 November 1991	30 April 2017	-	-

Note:

(1) In the midst of striking off.

The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Executive Directors in those business activities also does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

4.5 Interests in similar business

Save as disclosed below, none of our Directors, Promoter, major shareholders and key management personnel has any interest in other business similar to those of our Group:

(a) Ken KH Foo

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Seers Care Sdn Bhd[(1)]	Currently inactive. Previously involved in the wholesale of hot water heaters and other related electrical appliances	Director and Shareholder	9 January 2015	-	50.0	-
DC Heater Pte Ltd[(2)]	Distribution of water heaters in Singapore	Director and Shareholder	8 July 2011	-	50.0	-

Note:

(1) In the midst of striking off.

(2) DC Heater Pte Ltd is our Group's distributor in Singapore. It only focuses on the Singapore market and does not compete with our Group in other markets. It is managed by a separate management team and Ken KH Foo does not participate in the day-to-day management and operations of the company.

(b) Eastwood Chan

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held Direct	Indirect
Present involvement						
Seers Care Sdn Bhd[1]	Currently inactive. Previously involved in the wholesale of hot water heaters and other related electrical appliances	Director and Shareholder	9 January 2015	-	50.0	-

Note:

(1) In the midst of striking off.

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4.6 Declaration by our Directors

None of our Directors:

(a) are undischarged bankrupts nor are they subject to any proceedings under bankruptcy laws;

(b) have ever been charged with, convicted for or compounded for any offence under securities laws, corporations' laws or any other laws involving bribery, 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 5 years; and

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

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5. RELATED PARTY TRANSACTIONS

Save as disclosed below, for the past FYE 2016 and 2017, there are no transactions existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Promoter, substantial shareholders, Directors, key management personnel and/or persons connected with them which are significant in relation to the business of our Group, as defined under the LEAP Listing Requirements:

					Value of transactions (Expense)/Income		
Transacting parties	**Company within our Group**	**Interested person**	**Nature of relationship**	**Nature of transaction**	**FYE 2016**	**FYE 2017**	**From 1 January 2018 up to the LPD**
						RM'000	
Seers Care Sdn Bhd	SMSB	Ken KH Foo and Eastwood Chan	Ken KH Foo and Eastwood Chan are our Promoters and Directors. Ken KH Foo and Eastwood Chan are also directors and substantial shareholders of Seers Care Sdn Bhd.	Sales to Seers Care Sdn Bhd	67	-	-
DC Heater Pte Ltd	STSB	Ken KH Foo	Ken KH Foo is our Promoter and Director. Ken KH Foo is also director and substantial shareholder of DC Heater Pte Ltd.	Sales to DC Heater Pte Ltd	61	72	26
Ken KH Foo	SMSB	Ken KH Foo	Ken KH Foo is our Promoter and Director.	Advances to Director	961	(1)1,221	-

Note:

(1) This amount has been fully settled as at 31 December 2017.

Our Directors are of the view that the above related party transactions were conducted on an arm's length basis and were carried out in the ordinary course of business and on competitive commercial terms not more favourable to the related parties than those generally available to the public and were not to the detriment of our minority shareholders.

Moving forward, if there are any proposed related party transactions that require the prior approval of shareholders, the Directors, major shareholders and/or persons connected with a Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

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6. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS THEREON

SEERS was incorporated on 25 October 2017 as an investment holding company to facilitate the Proposed Listing. Prior to the completion of the Acquisitions, SEERS was dormant. As such, the historical financial information of our Group for FYE 2016 and 2017 is presented based on the combined financial statements of SMSB and STSB only. The financials of SASB is also not included in the combined financial statements as the company was only incorporated on 17 January 2018.

The combined financial statements for FYE 2016 and 2017 have been audited by Ecovis. The audited financial statements for FYE 2016 and 2017 have been prepared in accordance with approved accounting standards issued by the Malaysian Accounting Standards Board. The audited financial statements are set out in Appendix I.

Sophisticated Investors should note that our Group intends to rapidly increase our business and presence in Malaysia, and will carry out the expansion plans as set out in Section 2.15. As such, our Group will incur the additional expenses and/or liabilities not included in the analysis herein. Further, the historical financial information included in this Information Memorandum is not intended to predict our Group's financial position, results and cash flows.

6.1 Historical combined statement of profit or loss and other comprehensive income

The following table sets out a summary of the audited combined statement of profit or loss and other comprehensive income for FYE 2016 and 2017:

	Audited	
	FYE 2016	**FYE 2017**
	RM'000	
Revenue	9,302	9,309
Cost of sales	(3,850)	(4,980)
GP	5,452	4,329
Other income	14	225
Administrative expenses	(2,683)	(2,726)
Other operating expenses	(783)	(59)
Profit from operations	2,000	1,769
Finance costs	(109)	(110)
PBT	1,891	1,659
Taxation	(494)	(484)
PAT	**1,397**	**1,175**
Diluted gross EPS (sen) [(1)]	0.73	0.64
Diluted net EPS (sen) [(2)]	0.54	0.46

Notes:

(1) Calculated based on PBT divided by our enlarged share capital after the Proposed Placement.

(2) Calculated based on PAT divided by our enlarged share capital after the Proposed Placement.

6.2 Historical combined statement of financial position

The following table sets out a summary of the combined statement of financial position based on the audited financial statements as at 31 December 2016 and 2017:

	Audited	
	31 December 2016	31 December 2017
	RM'000	
ASSETS		
Non-current assets		
Plant and equipment	484	566
CURRENT ASSETS		
Inventories	824	1,741
Trade receivables	2,766	2,460
Other receivables, deposits and prepayments	866	307
Amount due by Directors	249	-
Fixed deposit pledged with a licensed bank	331	342
Cash and bank balances	611	1,087
Total current assets	5,647	5,937
TOTAL ASSETS	**6,131**	**6,503**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Ordinary shares	450	450
Retained earnings	2,334	3,509
Total equity	2,784	3,959
LIABILITIES		
Non-Current Liabilities		
Borrowings	314	211
Finance lease liabilities	237	354
Deferred tax liabilities	4	2
	555	567
Current Liabilities		
Trade payables	836	415
Other payables	442	346
Borrowings	779	724
Finance lease liabilities	78	122
Amount due to a Director	2	2
Current tax liabilities	655	368
	2,792	1,977
TOTAL LIABILITIES	**3,347**	**2,544**
TOTAL EQUITY AND LIABILITIES	**6,131**	**6,503**

6.3 Historical combined statement of cash flows

The following table sets out the audited combined statement of cash flows for FYE 2016 and 2017:

	Audited	
	FYE 2016	**FYE 2017**
	RM'000	
Cash flows from operating activities		
PBT	1,891	1,659
Adjustments for:		
Allowance for doubtful debts	219	38
Bad debts written off	563	21
Depreciation of property, plant and equipment	186	218
Doubtful debts recovered	-	(186)
Interest expense	109	110
Interest income	(8)	(11)
Gain on disposal of property, plant and equipment	-	(4)
Unrealised loss /(gain) on foreign exchange	11	(2)
Operating profit before working capital changes	**2,971**	**1,843**
Changes in working capital:		
Inventories	(345)	(917)
Trade and other receivables	(1,870)	992
Trade and other payables	(620)	(515)
Amount due (to) /by Directors	(195)	249
Cash (used in) /from operations	**(59)**	**1,652**
Interest paid	(39)	(46)
Tax paid	(102)	(773)
Tax refund	3	-
Net cash (used in) /from operating activities	**(197)**	**833**
Cash flows from investing activities		
Purchase of plant and equipment	(6)	(29)
Proceeds from disposal of plant and equipment	-	23
Net cash used in investing activities	**(6)**	**(6)**
Cash flows from financing activities		
Interest paid	(70)	(64)
Repayment of borrowings	(81)	(91)
Repayment of finance lease liabilities	(75)	(129)
Net cash used in financing activities	**(226)**	**(284)**
Net (decrease) /increase in cash and cash equivalents	**(429)**	**543**
Cash and cash equivalents at the beginning of the financial year	351	(78)
Cash and cash equivalents at the end of the financial year	**(78)**	**465**

	Audited	
	FYE 2016	**FYE 2017**
	RM'000	
Analysis of cash and cash equivalents		
Cash and bank balances	611	1,087
Fixed deposits placed with licensed banks	331	342
	942	1,429
Less: Bank overdraft	(689)	(622)
Less: Fixed deposits held as security values	(331)	(342)
	(78)	**465**

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6.4 Management discussion and analysis of financial condition and results of operations

The following discussion and analysis of our past financial condition and results of operations should be read in conjunction with the Accountants Report and unaudited combined financial statements as set out in Appendices I and II respectively.

6.4.1 Overview of our operations

(a) Principal activities

Our Group is principally involved in the water heater and water-related appliances business.

Please refer to Section 2 for our Group's detailed business overview. Please also refer to Part III: Risk Factors for risk factors that may affect our revenue and financial performance.

(b) Revenue

Our revenue is recognised upon delivery and customers' acceptance of our products and where applicable, net of returns and allowances, trade discount and volume rebates.

Major factors that affect our revenue include, inter alia, the following:

(i) The state of the property industry, consumer sector and the general economy in Malaysia which may affect demand for our water heating products;

(ii) Our ability to retain existing customers and/or secure new customers based on the quality and price competitiveness of our products and our ability to meet customers' specifications and expectation; and

(iii) The level of competition in Malaysia which may affect the selling prices and sales volume of our products.

(c) Cost of sales

During FYE 2016, our cost of sales mainly comprises raw material costs and freight and forwarding charges, detailed as follows:

(i) Raw material

Raw material costs are mainly the purchase of stainless steel, printed circuit board, various electrical components, plastic casing and copper wires.

(ii) Freight and forwarding charges

Freight and forwarding charges are mainly the charges incurred to import raw materials such as stainless steel, printed circuit board, various electrical components, plastic casing and copper wires from PRC.

Since early 2017, we have engaged 3 third party contract manufacturers in PRC to manufacture majority of our products based on our specifications on an OEM basis. As such, during FYE 2017, our cost of sales comprises mainly the purchase cost of our finished products from the third party contract manufacturers.

Included in our cost of sales are also direct expenses such as sales tax, freight charges, custom duties, transportation charges and other miscellaneous costs incurred by our Group to import the raw materials or finished products into Malaysia.

Major factors affecting our cost of sales include, inter alia, the following:

(i) Our ability to secure continuous procurement of our products which meet our specifications and the requirements of our customers, from our third party contract manufacturer at competitive prices; and

(ii) Fluctuations in the purchase costs of our products, which may be influenced by the costs of raw materials (such as stainless steel, printed circuit board, various electrical components, plastic casing and copper wires). The cost of raw materials may fluctuate due to changes in the supply and demand in the global market driven by global economic conditions.

(d) Other income

Other income includes primarily doubtful debts recovered, bad debts recovered, and interest income.

(e) Operating expenses

Our operating expenses can be segregated into administrative expenses and other operating expenses.

Administrative expenses are costs incurred to maintain our business operations such as salaries and wages of our employees, directors' remuneration, depreciation of plant and equipment and rental of our business premises. Included in administrative expenses are also selling and distribution expenses which are costs related to the marketing and distribution of our products such as advertisement and exhibition expenses.

Other operating expenses relates to expenses incurred which are not directly related to our operations such as bad debts written off and provision for doubtful debts.

(f) Finance costs

Our finance costs comprise mainly interest expense on our borrowings and finance lease liabilities.

(g) Recent developments

Save for the incorporation of SASB and the Acquisitions, there were no significant events subsequent to our Group's audited combined financial statements for FYE 2017.

(h) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during FYE 2016 to 2017. In addition, our audited financial statements for the financial years under review were not subject to any audit qualifications.

(i) Significant factors affecting our business

Part III: Risk Factors details a number of risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our revenue and financial performance.

Sophisticated Investors should carefully consider the risk factors set out in Part III: Risk Factors before making a decision on whether an investment in our Shares is suitable for them in light of their circumstances and financial resources and whether they are able and willing to withstand the potential loss of their entire investment.

6.4.2 Review of results of operations

(a) Revenue

Our revenue is mainly derived from the sale of our water heater and water-related appliances. The table below summarises the breakdown of our revenue by products:

	Audited			
	FYE 2016		FYE 2017	
	RM'000	%	RM'000	%
Individual storage DC-heater	7,035	75.6	7,042	75.7
Centralised hybrid hot water system	572	6.2	1,084	11.6
Instant water heater	550	5.9	307	3.3
Others[1]	1,145	12.3	876	9.4
	9,302	**100.0**	**9,309**	**100.0**

Note:

(1) Others include 3-second thermos flask, booster pump, multipoint, outdoor microfiltration membrane as well as installation, testing and commissioning charges.

Our water heater and water-related appliances are mainly sold in Malaysia. A small percentage of our revenue is also generated from the export of our products to overseas mainly Philippines, Singapore and India. The table below summarises the breakdown of our revenue by geographical market:

	Audited			
	FYE 2016		FYE 2017	
	RM'000	%	RM'000	%
Local	9,031	97.1	8,886	95.5
Overseas	271	2.9	423	4.5
	9,302	**100.0**	**9,309**	**100.0**

Comparison between FYE 2016 and FYE 2017

Our revenue for FYE 2016 and 2017 remained consistent at approximately RM9.31 million. Our Group generally promotes our product through engagement with various property developers as well as participation in local exhibitions such as Home Décor and Design Exhibition. Using the same marketing strategy, we were able to maintain our revenue at approximately RM9.31 million for both FYE 2016 and 2017.

Our revenue generated from storage DC-heater is relatively consistent at RM7.04 million for both FYE 2016 and 2017. Our revenue from our centralised hybrid hot water system has increase by RM0.51 million or 89.5% in FYE 2017. This was mainly due to the increased sales of bigger capacity centralised hybrid hot water system which is more expensive in FYE 2017.

Nevertheless, the increase in revenue from centralised hybrid hot water system was partially offset by the decrease in revenue from instant water heater and other products totalling RM0.51 million.

Our revenue contributed from overseas market increased by RM0.15 million or 56.1% from RM0.27 million in FYE 2016 to RM0.42 million in FYE 2017. The increase was mainly attributable to the new overseas market, i.e. India, which recorded revenue of RM0.17 million in FYE 2017

(b) Cost of sales, GP and GP margin

The analysis of our cost of sales, GP and GP margins and the year-on-year commentary for the financial years/period under review is explained below.

Analysis of cost of sales, GP and GP margin by products

Cost of sales

	FYE 2016		FYE 2017	
	RM'000	**%**	**RM'000**	**%**
Individual storage DC-heater	2,733	71.0	3,706	74.4
Centralised hybrid hot water system	301	7.8	463	9.3
Instant water heater	436	11.3	173	3.5
Others	380	9.9	638	12.8
	3,850	**100.0**	**4,980**	**100.0**

GP and GP margin

	FYE 2016		FYE 2017	
	GP	**GP margin**	**GP**	**GP margin**
	RM'000	**%**	**RM'000**	**%**
Individual storage DC-heater	4,302	61.2	3,336	47.4
Centralised hybrid hot water system	271	47.4	621	57.3
Instant water heater	114	20.7	134	43.6
Others	765	66.8	238	27.2
	5,452	**58.6**	**4,329**	**46.5**

Analysis of cost of sales and GP by geographical market

Cost of sales

	FYE 2016		FYE 2017	
	RM'000	**%**	**RM'000**	**%**
Local	3,731	96.9	4,697	94.3
Overseas	119	3.1	283	5.7
	3,850	**100.0**	**4,980**	**100.0**

GP and GP margin

	FYE 2016		FYE 2017	
	GP	**GP margin**	**GP**	**GP margin**
	RM'000	**%**	**RM'000**	**%**
Local	5,300	58.7	4,189	47.1
Overseas	152	56.1	140	33.1
	5,452	**58.6**	**4,329**	**46.5**

Comparison between FYE 2016 and FYE 2017

We recorded an increase in cost of sales of RM1.13 million or 29.4% from RM3.85 million in FYE 2016 to RM4.98 million in FYE 2017.

In FYE 2017, our Group outsourced the assembly of our DC-heaters to our third party contract manufacturers in PRC and hence, substantial portion of our cost of sales consist of purchase cost of finished products from the third party contract manufacturers. While our Group's decision to outsource the assembly of our DC-heaters to our third party contract manufacturers has improved the overall operational efficiency, the increase in stainless steel prices during FYE 2017 resulted in a higher production cost of our storage DC-heater. As the stainless steel constitutes a majority of the raw material costs of our storage DC-heater, the increase in stainless steel prices resulted in its higher production costs.

Despite the increase in costs, our Group has also reduced the selling price of our storage DC-heater in order to remain competitive in the market. The reduction in the selling price coupled with the increase in steel prices has resulted in the drop of our storage DC-heater's GP margin by 13.8% to 47.4% in FYE 2017 as compared to 61.2% in FYE 2016.

GP margin from hybrid hot water system increased by 9.9% from 47.4% in FYE 2016 to 57.3% in FYE 2017. This was mainly due to the increased sales of bigger capacity centralised hybrid hot water system which yields a higher profit margin in FYE 2017.

Although the revenue contribution from overseas market increased in FYE 2017, the relevant GP and GP margin decreased by RM0.01 million and 23.0% respectively. This was mainly due to majority of the products sold to overseas market are the storage DC-heaters where its overall GP margin dropped in FYE 2017.

(c) Other income

The breakdown of our other income for FYE 2016 and 2017 is as follows:

	Audited			
	FYE 2016		FYE 2017	
	RM'000	%	RM'000	%
Bad debts recovered	-	-	22	9.7
Doubtful debts recovered	-	-	186	82.7
Gain on disposal of plant and equipment	-	-	4	1.8
Interest income	8	57.1	11	4.9
Realised gain on foreign exchange	6	42.9	-	-
Unrealised gain on foreign exchange	-	-	2	0.9
	14	**100.0**	**225**	**100.0**

Comparison between FYE 2016 and FYE 2017

Other income increased by RM0.21 million to RM0.23 million in FYE 2017. Such increase was primarily attributable to the recovery of doubtful debts from 5 trade debtors and recovery of bad debts from 3 trade debtors amounted to total of RM0.21 million.

(d) Operating expenses

The breakdown of our operating expense for FYE 2016 and 2017 is as follows:

	Audited			
	FYE 2016		FYE 2017	
	RM'000	%	RM'000	%
Accounting fee	57	1.6	57	2.0
Advertisement	36	1.0	14	0.5
Audit fee	30	0.9	32	1.1
Bad debts written off	563	16.3	21	0.8
Commission	23	0.7	39	1.4
Directors remuneration	263	7.6	275	9.9
Depreciation	186	5.3	218	7.8
Entertainment	34	1.0	44	1.6
Exhibition expenses	141	4.1	58	2.1
Professional fee	31	0.9	32	1.1
Provision for doubtful debts	219	6.3	38	1.4
Rental	348	10.1	350	12.6
Staff cost	984	28.4	930	33.4
Tax penalties	32	0.9	157	5.6
Travelling and accommodation	168	4.8	188	6.8
Upkeep of plant and equipment	129	3.7	131	4.7
Utilities	96	2.8	88	3.2
Unrealised loss on foreign exchange	11	0.3	-	-
Others (1)	115	3.3	113	4.0
	3,466	**100.0**	**2,785**	**100.0**

Note:

(1) Other operating expenses mainly consist of office sundry expenses, insurances and road tax and bank charges.

Comparison between FYE 2016 and FYE 2017

Our operating expenses decreased by RM0.68 million or 19.6% from RM3.47 million in FYE 2016 to RM2.79 million in FYE 2017. Such decrease was mainly due to:

(i) Lower bad debts written off, which reduced by RM0.54 million in FYE 2017;

(ii) Lower provision for doubtful debts, which reduced by RM0.18 million in FYE 2017; and

(iii) Lower exhibition expenses, which reduced by RM0.08 million in FYE 2017 due to our strategy to concentrate on Home Décor and Design Exhibition 2017 at major cities with higher sales potential, i.e. Kuala Lumpur and Penang only as compared to participation in exhibitions held at various states within Malaysia in FYE 2016.

(e) Finance cost

The breakdown of our finance cost for FYE 2016 and 2017 is as follows:

	Audited			
	FYE 2016		**FYE 2017**	
	RM'000	**%**	**RM'000**	**%**
Bank overdraft charges	39	35.8	46	41.8
Finance lease interest	18	16.5	23	20.9
Term loan interest	52	47.7	41	37.3
	109	**100.0**	**110**	**100.0**

Comparison between FYE 2016 and FYE 2017

Finance cost for both FYE 2016 and FYE 2017 remained consistent at RM0.11 million.

During FYE 2017, our Group utilised more bank overdrafts to finance our working capital, resulting in an increase in bank overdraft charges. This was partially offset by the decrease in term loan interest due to lower outstanding amount as at 31 December 2017.

(f) Taxation

Our tax expenses in the combined statement of profit or loss and other comprehensive income represent the aggregate amount of current tax and deferred tax (if any).

Our taxation expense and effective tax rate for FYE 2016 and 2017 are as follows:

	Audited	
	FYE 2016	FYE 2017
	RM'000	
Income tax		
Current year	492	486
Under provision in prior year	1	(1)
	493	486
Deferred tax		
Current year	-	(1)
Under/(over) provision in prior year	1	(1)
	494	**484**
Effective tax rate (%)	26.1	29.2

Note:

(1) Less than RM1,000.

We are subject to income tax at the statutory tax rate of 19% on the first RM500,000 and 24.0% on the balance chargeable income for FYE 2016 and 2017.

Our effective tax rate for both FYE 2016 and 2017 is higher than the statutory tax rate mainly due to non-deductible expenses.

6.5 Borrowings

We utilise credit facilities such as overdrafts and term loans to partially finance our working capital. In addition, we also utilise finance lease to finance our purchases of motor vehicles.

Our total outstanding bank borrowings as at 31 December 2017 stood at RM1.41 million, details of which are set out below. All our bank borrowings are interest-bearing, and denominated in RM.

	FYE 2016	FYE 2017
	RM'000	RM'000
Borrowings		
Current		
• Bank overdraft	689	622
• Term loan	90	102
	779	724
Non-current		
• Term loan	314	211
	1,093	935

	FYE 2016	FYE 2017
	RM'000	RM'000
Finance lease liabilities		
Current	78	122
Non-current	237	354
	315	476
Total borrowings	**1,408**	**1,411**

As at LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency. We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout the FYE 2016 to FYE 2017 and the subsequent financial period up to LPD.

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

6.6 Dividend policy

As we are a holding company, our Company's income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, and consent from our financiers as set out in the facility agreements (if required), there is no legal, financial, or economic restriction on the ability of our existing subsidiaries to transfer funds in the form of cash dividends, loans or advances to us. However moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to shareholders' approval. It is our intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

Actual dividends proposed and declared may vary depending on the financial performance and cash flows of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

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PART II: INFORMATION ON OUR PROPOSED LISTING

1. PARTICULARS OF OUR PROPOSED LISTING

1.1 Proposed Listing

Our proposed listing scheme entails the placement of 64,406,400 Placement Shares at an Indicative Placement Price of RM0.08 each.

1.2 Indicative Placement Price

The Indicative Placement Price of RM0.08 per Placement Share was arrived at after taking into consideration the following:

(a) The price to earnings multiple of approximately 17.4 times based on the audited EPS of 0.46 sen for FYE 2017, calculated with reference to our enlarged share base of 257,625,400 Shares after the Proposed Placement;

(b) The historical track record of our combined Group for FYE 2016 and 2017, summarised as follows:

	Audited	
	FYE 2016	**FYE 2017**
Revenue (RM'000)	9,302	9,309
GP (RM'000)	5,452	4,329
PAT (RM'000)	1,397	1,175
Net EPS (sen)[(1)]	0.72	0.61

Note:

(1) Calculated based on PAT divided by our share base of 193,219,000 Shares before the Proposed Placement.

(c) The future prospect and potential of our business, taking into consideration our competitive strengths, business model and future plans;

(d) The size of our fund-raising and the level of dilution on our Promoters' shareholdings;

(e) Investor' feedback vis-à-vis their demand for our Placement Shares; and

(f) The expected timing of completing our Proposed Placement and Proposed Listing.

Nonetheless, the final price for our Placement Shares shall be determined by market demand for our Placement Shares. The final issue price for the Placement Shares will be announced prior to allotting the Placement Shares to the selected Sophisticated Investors.

1.3 Share capital upon Proposed Listing

Upon completion of the Proposed Placement, our Company's entire enlarged share capital comprising 257,625,400 Shares shall be listed on the LEAP Market.

1.4 Objectives of our Proposed Listing

The objectives of our Proposed Listing are as follows:

(a) To provide an opportunity for Sophisticated Investors to participate in our equity;

(b) To enable our Group to raise funds for the purposes specified in Section 1.5 below;

(c) To enable us to tap into the capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as when they arise; and

(d) To enhance our reputation in the marketing of our products and to expand our customer base in Malaysia.

1.5 Utilisation of proceeds

The gross proceeds arising from the Proposed Placement of approximately RM5.15 million shall accrue entirely to our Company and will be utilised in the following manner:

Utilisation of proceeds	**(1) Estimated timeframe for utilisation**	**RM'000**	**%**
Capital expenditure (2)	18 months	1,300	25.2
General working capital (3)	24 months	2,952	57.3
Estimated listing expenses (4)	1 month	900	17.5
Total		**5,152**	**100.0**

Notes:

(1) From the date of Listing of our Shares on the LEAP Market.

(2) Approximately RM1.30 million has been earmarked for the following capital expenditure to support our business growth:

(a) RM0.50 million for the purchase of testing equipment such as residual current device tester, high voltage insulation tester and water pressure tester. These testing equipment are used to perform the relevant test and measurement of the products purchased from our third party contract manufacturers as part of our quality control and assurance process to ensure that the specifications of the products are met to our requirements; and

(b) RM0.80 million for the purchase of a new software system to support our retail expansion as set out in Section 2.15 of Part I: Information on our Group. The new software system will enable us to inter-alia, track and account for the sales and purchases of our independent resellers, product shipment, inventory held by our independent resellers and commission pay-out. Added to that, the new software system will also have the capability to run our social, website and email marketing campaigns.

(3) Approximately RM2.95 million has been earmarked to supplement the working capital requirements of our Group. The proceeds shall be used mainly for the following:

(a) To finance the purchase of our inventory from our third party contract manufacturers. In line with our retail expansion plan, we intend to increase our inventory level to support the expected increase in business and to reduce the supply lead time between receiving a purchase order and delivery to improve our customers' satisfaction;

(b) To finance our marketing, advertising and promotional efforts to increase the awareness of our 'Seers' brand and products, for which we intend to participate in more exhibitions in Malaysia and conduct roadshows to recruit independent resellers under our network marketing distribution model;

(c) To finance new product roll out costs such as purchasing demonstration products, marketing and promotional expenses for the new product. One of the new product which we intend to roll out is the water softeners as described in Section 2.15 of Part I; and

(d) To cater for general working capital requirement such as payment of salaries and other employees remuneration and office overheads.

(4) The amount of RM0.90 million is allocated to meet the estimated cost for our Proposed Listing. If our actual 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 our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital requirements.

Pending the deployment of the proceeds from the Proposed Placement as aforementioned, the funds will be placed in short-term deposits with financial institutions or used to invest in short-term money market instruments as our Directors may deem appropriate.

2. APPROVALS REQUIRED, CONDITIONS AND UNDERTAKINGS

2.1 Approvals required / Conditions

The Proposed Listing is subject to the following:

(a) Approval from Bursa Securities for the admission of SEERS to the Official List of the Leap Market and the listing of and quotation for our entire enlarged share capital on the LEAP Market; and

(b) Successful completion of the Proposed Placement.

Concurrent with the issuance of this Information Memorandum, we have 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 on the LEAP Market and are awaiting the decision of Bursa Securities.

2.2 Exempt transaction

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

2.3 Details of moratorium and undertakings

2.3.1 Promoters

Pursuant to Rule 3.07 of the LEAP Listing Requirements, the Shares held by the Promoters, amounting to 166,167,980 Shares (representing approximately 64.5% of the enlarged share capital upon Listing) are to be placed under moratorium.

Our Promoters, who hold our Shares directly and indirectly upon our Listing, have fully accepted the moratorium where they will not be permitted to sell, transfer or assign any part of their interest in the Shares placed during the moratorium period as follows ("**Promoters' Moratorium Period**"):

(a) The moratorium applies to the entire shareholdings of our Promoters for a period of 12 months from the date of our listing on the LEAP Market ("**First 12-Month Moratorium**"); and

(b) Upon expiry of the first 12-month period, our Company must ensure that our Promoters shall maintain an aggregate shareholding amounting to 115,931,430 Shares representing 45% of our enlarged share capital upon the Proposed Listing for further period of 36 months ("**Second 36-Month Moratorium**").

Details of our Promoters and their Shares which will be subject to the abovesaid moratorium, are set out below:

	Moratorium shares during the First 12-Month Moratorium		**Moratorium shares during the Second 36-Month Moratorium**	
Promoters	**No. of Shares**	**(1)%**	**No. of Shares**	**(1)%**
Ken KH Foo	146,846,380	57.0	102,451,287	39.8
Eastwood Chan	19,322,100	7.5	13,480,643	5.2
	166,168,480	**64.5**	**115,931,930**	**45.00**

Note:

(1) Based on the enlarged share capital of 257,625,400 Shares after the Proposed Placement.

Our Promoters have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the Promoters' Moratorium Period.

2.3.2 Other existing shareholders

Our other existing shareholders, Khoo Chee Siang and Yeen Yoon Hin, have voluntarily agreed to place their entire shareholdings in our Company on moratorium for a period of 12 months from the date of our listing on the LEAP Market.

Details of their shares which will be subject to the abovesaid moratorium are set out below:

Shareholders	Moratorium shares	
	No. of Shares	**[(1)]%**
Khoo Chee Siang	7,728,720	3.0
Yeen Yoon Hin	19,321,800	7.5

Note:

(1) Based on the enlarged share capital of 257,625,400 Shares after the Proposed Placement.

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PART III: RISK FACTORS

An investment in our Shares is subject to a number of risks. Before making any investment decision, Sophisticated Investors should carefully consider the factors and risks attaching to an investment in our Shares together with all other information contained in this document including, in particular, the risk factors described below. Investors should consider carefully whether an investment in our Shares is suitable for them considering the information in this document and their personal circumstances.

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 such cases, the market price of our Company's Shares could decline and an investor may lose part or all of their investment.

1. RISK SPECIFIC TO THE INDUSTRY IN WHICH WE OPERATE IN

1.1 Technological advances and changes in market demands may render our products or technologies obsolete or non-competitive

The water heater and water-related appliances end-market is characterised by technological advances, intense competition, frequent introduction of new products and consumer demand for greater functionality, lower costs and better performance. As such, we will be required to improve our product design and functionality and develop new solutions on a continuous basis in order to remain competitive in this industry.

Our operating results depend on our ability to develop and introduce new products, enhance existing products and reduce our product costs. The success of our products is dependent on few factors, including differentiation of our products from those of our competitors, product cost, timely introduction of our products, meeting changing customer requirements, emerging industry standards and market acceptance of these products.

There can be no assurance that we will successfully identify new product opportunities, develop and bring new or enhanced products to market in a timely manner, and achieve market acceptance of our products, or that products and technologies developed by others will not render our products or technologies obsolete or non-competitive.

1.2 Adverse conditions in the Malaysian economy may adversely affect us and our prospects

Our operating results and financial condition may be materially affected by conditions in the financial markets and the economy in Malaysia. Amongst the economic uncertainties that may affect our operations includes changes in interest rates, fluctuation in currency exchange rates and unfavourable changes in government policies such as introduction of new regulations, taxes and tariffs.

A slowdown in the growth and development of the commercial and industrial sector in Malaysia may result in fewer new property developments and projects, which may reduce the demand for our products and, in turn, would have a material and adverse impact on us.

1.3 Our business is dependent on the property development industry

Our products are widely used in residential and commercial buildings. As such, the demand for our products is driven by the activities in the property development market in Malaysia and any adverse changes in the property development industry in Malaysia will affect us.

The Malaysian property development industry is susceptible to the political and economic stability of Malaysia, inflation, financing costs and in recent years, various cooling and tightening measures imposed by the Federal Government to soften speculative activities in the property sector such as maximum loan-to-value ratio of 70% for the third mortgage and above taken out by a borrower and the use of net income calculation method instead of gross income when computing the debt service ratio for potential borrowers. Such measures imposed by the Federal Government may dampen the growth prospects of the Malaysian property sector.

Slowdowns in the property development industry and decreased demand by end-customers for real estate could affect our property developer customers and their property development plans. Such cancellations or deferrals of our customers' property development projects could result in decreased demand for our products which will materially and adversely affect us.

1.4 We operate in a competitive environment and face competition from existing industry players and new market entrants

We face competition from both existing and new players in the water-related appliances industry, including imports from foreign players. Companies in our industry generally compete on reputation, track record, pricing, product range, product quality, delivery times and customer service. In addition, some of our competitors may have longer operating history, international brand name recognition and greater financial, technical and marketing resources than what is available to us.

There is no assurance that we can continue to compete against our competitors effectively in the future. Generally, the biggest challenge for us is to maintain and increase our market share. Stiff competition may lead to an overall decline in the demand for our products or downward pressure on our prices which erode our profit margins.

Our continued success depends on various critical factors which include inter alia, the ability to strategise the pricing and marketing for our products, improved after-sales and customer services, the ability to nurture customer loyalty, the ability to ensure prompt delivery of our products, as well as offering high quality range of products that meet the demand at competitive prices. Failure to compete effectively with existing or future competitors or adapt quickly to changing market conditions and trends may negatively impact our track record and industry reputation, leading to a loss of business to our competitors and damage to our overall business performance.

2. RISK SPECIFIC TO OUR GROUP

2.1 Failure to protect our intellectual property rights may undermine our competitive position

We rely on patent laws to establish, protect and maintain our proprietary technologies for our 'Seers' water heater.

As at LPD, we hold 3 patents in Malaysia. The patents, however, may not necessarily protect us from competition, as it may be challenged, invalidated or held unenforceable. If our granted patents do not adequately describe, enable or otherwise provide coverage for our products, technologies or designs, we would not be able to prevent others from developing or commercialising these products, technologies or designs. Competitors may successfully challenge our patents, produce similar products that do not infringe our patents or produce products in countries that do not recognise our patents. This could harm our competitive position and erode our business.

In addition to our patent rights, we also seek to protect our technology as trade secret through confidentiality agreements, which our third party contract manufacturers are required to sign. We also rely on non-disclosure agreements with others that have or may have access to confidential information to protect our trade secret and proprietary knowledge. These agreements may be breached, and we may not have adequate remedies for any breach. Our trade secrets may also be or become known without breach of these agreements or may be independently developed by competitors. Failure to maintain the proprietary nature of our technology and information could harm our competitive position and erode our business.

Litigation may be necessary in future to enforce our proprietary technologies, the costs for which could be exorbitant. Further, enforcement of patents may be more difficult and/or less effective in certain jurisdictions. Any adverse outcome in litigation or similar proceedings could adversely affect us.

2.2 We are dependent on our third party contract manufacturers

As at LPD, we engage 3 third party contract manufacturers in the PRC to manufacture our products on an OEM basis. Our reliance on these third party contract manufacturers in our product supplier chain exposes us to volatility in the prices and availability of the products.

Certain raw materials in our products such as stainless steel are commodities which are subject to price volatility. The prices of these raw materials are linked to the international demand for and supply of these raw materials. Any fluctuation in the raw material prices will affect the production costs of our products and the third party contract manufacturers will pass on such costs to us.

A disruption in deliveries from the contract manufacturers, capacity constraints, production disruptions, price increases or disruptions in the availability of raw materials faced by our third party contract manufacturers could have an adverse effect on our ability to meet our commitments to customers or increase our operating costs.

2.3 We face the risk of defective products from our third party contract manufacturers

Our products are manufactured by third party contract manufacturers in the PRC on an OEM basis. If our third party contract manufacturers default on their contractual obligations or work specifications, we may not be able to have available stock or deliver our products to our customers in accordance with the agreed timing, quality and/or specifications. In addition, there is no assurance that the third party contract manufacturers do not use poor quality or defective components or materials. They may also not report safety concerns to us. In such circumstances, if we are unable to find alternative third party contract manufacturers on commercially favourable terms to manufacture our products, our ability to stock sufficient quantities of our products and/or perform our obligations to our customers and our relationships with our customers may be adversely affected.

Furthermore, poor quality or other defects in our products may generate negative publicity concerning the quality, reliability and safety of our products, reducing customers' confidence in our products, tarnishing our reputation and reducing our sales. Consequently, our business, profitability and financial performance may be adversely affected and we may also have to incur additional costs in placating customers and/or restoring our reputation.

In addition, if complaints from our customers escalate into legal claims, we will have to spend time, incur legal costs and expend other resources to address such claims, thereby adversely affecting our business and financial performance. There is no assurance that material litigation will not be brought against us in the future. Furthermore, if our insurance coverage is inadequate, we may be required to compensate our customers for any injuries suffered or damage to personal property if we are found to be at fault. Our liabilities in respect of such claims could adversely affect us.

2.4 Our plan to adopt the network marketing distribution model may not yield the desired result

We plan to secure further business growth by penetrating into the retail market through the network marketing distribution model as described in Section 2.15 of Part I: Information on our Group.

The success of our plans to undertake the network marketing distribution model depends on various factors, including, but not limited to, our ability to implement and manage the network marketing distribution model; secure the requisite financing to support our business expansion; operate in an efficient manner; manage relationships with our independent resellers; ensure timely and sufficient supply of products to support our retail expansion and hire, train and retain qualified personnel to support this new business area.

Although we have allocated part of our proceeds from the Proposed Placement towards realising this expansion plan and are recruiting personnel with relevant experience in network marketing, there is no assurance that we will be able to successfully materialise this plan within the expected time. Our growth prospects may be materially and adversely affected if we fail to successfully implement our network marketing distribution model.

2.5 We are subject to product liability claims or claims for defects

We are exposed to product warranties and product liability claims by our customers.

We provide product warranties for our products. Such product warranties are for 1 year parts warranty and 5 years heat chamber warranty, commencing from the date of purchase of the products or date of completion and installation of the hot water system. If products manufactured by us prove to be defective and result in losses to our customers, we may be liable to product liability claims and any such claims could damage our relationships with our customers and business reputation.

Should there be a product defect, we have recourse to claim any liabilities made by our customers from our third party contract manufacturers in PRC. Our third party contract manufacturers provide us with back-to-back product warranties for our products manufactured by them on an OEM basis. The product warranties from our third party contract manufacturers are for 5 years from the date of delivery of the products to us. Given the back-to-back warranties, our risk in relation to the product liabilities claims, defects, accidents and malfunctions is somewhat mitigated. There is however, a gap between the timing of the product warranties granted to us from our third party contract manufacturers and the product warranties granted by us to our customers.

Although we maintain product liability insurance, the coverage is limited to a fixed amount and may not be sufficient to cover all costs and/or damages for which we are held liable. Further, any problems with our product quality or performance may have a material and adverse effect on our reputation.

Save as disclosed in Section 2.3 of Part I: Information on Our Group, for FYE 2016 and 2017, we have not experienced any major product liability claims or claims for defects that has materially affected our financial performance. However, there can be no assurance that this risk would not have an adverse impact on us.

2.6 We are subject to foreign exchange risk

We work with third party contract manufacturers in PRC to manufacture our products based on our specifications on an OEM basis. As such, a significant proportion of our purchases are transacted in RMB, whilst our revenues are mainly denominated in RM. Hence, our profitability will be affected by foreign currency exchange rates fluctuation.

A depreciation of the RM against the RMB will affect the cost of our purchases. This in turn will adversely affect our financial performance as it would reduce our profit margin. Whilst we can pass on our foreign exchange risks by increasing the selling price of our products to maintain our profit margin, such action would result in our products becoming less competitive in the market and this in turn may affect our sales volume.

At present, we do not use any financial instruments to hedge our exposure against transactions in foreign currencies. However, we will continue to monitor our exposure to foreign currency movements on a regular basis for our management's assessment on the need to utilise financial instruments to hedge our currency exposure, taking into account factors such as the foreign currencies involved, exposure periods and transaction costs.

There can be no assurance that increases in our product costs (to the extent we are unable to pass on such higher costs to customers) or future price fluctuations will not have a material adverse effect on our business, financial condition and results of operations.

2.7 We may be affected by inventory holding costs and the risk of product obsolescence

As part of our network marketing distribution model, we intend to purchase our products from our third party contract manufacturers on a made-to-stock basis (i.e. we purchase the products before our independent resellers place orders with us) with reference to our sales forecast. This strategy is to ensure that our independent resellers have sufficient stock of the products to meet their customers' demands without having to incur significant lead time.

If our sales forecast turns out to be inaccurate and our independent resellers do not subsequently place orders with us in the volumes expected by us, and the products is not absorbed by other customers, we may incur high holding costs such as financing costs, warehousing and logistics costs as well as insurance costs. A significant increase in these costs may have an adverse impact on our business and financial performance.

In addition, the maintenance of inventory at our warehouse exposes our Group to the risk of product obsolescence. There is no assurance that our Group will be able to sell such products at or higher than their cost and our financial position will be adversely affected if there is a downward adjustment in the net realisable value of our inventory.

2.8 We are dependent on obtaining adequate financing to fund our operations

There may be timing differences between our trade collections from our customers and payments to our third party contract manufacturers. We are required to pay a deposit of 30% of the value of the incoming manufactured products with the balance 70% to be paid upon the delivery of the products to us. On the contrary, our trade collections range from cash on delivery to 90 days.

Due to the timing differences between the collection from our customers and payment to our contract manufacturers, we are required to fund our purchases either from internal resources or bank borrowings. If we are unable to secure adequate financing, our cash flows, operations, growth and expansion plans will be adversely affected.

Our total borrowings as at 31 December 2017 amounted to approximately RM1.41 million. Any increase in interest rates will adversely affect our profitability and financial position. There can be no assurance that this risk would not have an adverse impact on our operations and financial performance.

2.9 We are dependent on our key management personnel and our ability to recruit suitable and qualified employees

Our business performance and future prospects depend significantly on the abilities, skills, experience, competency and continuous efforts of our existing Executive Directors and key management team. Our Executive Directors each has over 20 years of experience in the heating, ventilation and air conditioning field and possesses extensive knowledge and insights of such field. Since our establishment, our management has built strong business relationships with our suppliers and customers as well as maintained our Group's reputation.

The loss of any of our key management simultaneously or within a short span of time without suitable and timely replacement, or our inability to attract and retain qualified and competent personnel or our inability to integrate new personnel, could adversely affect our business operations and financial performance. There can be no assurance that we will be able to retain our key management and skilled personnel in the future.

2.10 We may be required to obtain manufacturing licenses for our operations in the future

The Industrial Co-ordination Act 1975 requires manufacturing companies with shareholders' funds of RM2.5 million and above or engaging 75 or more full-time employees to apply for a manufacturing licence from the Ministry of International Trade and Industry ("**MITI**").

Our present set-up does not require a manufacturing license from MITI as a majority of our products are currently manufactured by third party contract manufacturers in the PRC on an OEM basis and SMSB is only undertaking marketing activities of the finished products with very minimal assembly work for the large sized centralised hybrid hot water system.

Separately, although STSB is involved in the customisation works of water heater and water-related electrical appliances in accordance with customers' specific requirements (if any), STSB is exempted from a manufacturing license at this juncture as its shareholders' funds is less than RM2.5 million and it does not employ 75 or more full-time employees.

Moving forward, in the event that our Group shall resume the manufacturing activities of our products and our shareholders' funds exceeds RM2.5 million or we employ 75 or more full-time employees, we may be required to apply for a manufacturing licence from the MITI. There can be no assurance that the regulatory authorities will issue the manufacturing licence without delay or will not impose conditions on our Group for such licence.

3. MARKET RISKS

3.1 There has been no prior trading market for our Shares

There was no public trading market for our Shares prior to the Proposed Listing. Our Shares may therefore be illiquid and, accordingly, the Sophisticated Investor may find it difficult to sell our Shares, either at all or at an acceptable price. Further, our Group can give no assurance that an active trading market for our Shares will develop, or if such a market develops, that it will be sustained.

If an active trading market does not develop or is not maintained, the liquidity and trading price of our Shares could be adversely affected and investors may have difficulty selling their our Shares and may lose their entire investment. An investment in our Shares should be viewed as a long term investment.

3.2 The trading and performance of our Shares is subject to fluctuations due to various factors and events

Upon our Proposed Listing, the trading price of the Shares could be subject to significant fluctuations due to various factors and events, some specific to our Group and our operations and some which may affect the business sectors in which our Group operates. These include any regulatory or economic changes affecting our operations, variations in our operating results, developments in our business or our competitors, or to changes in market sentiment towards the Shares, regardless of our performance.

Sophisticated Investors should not rely on comparisons with our results to date as an indication of future performance. Our 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 operating performance.

Any of these events could result in a decline in the market price of our Shares. The LEAP Listing Requirements are less onerous than those of the Main Market and ACE Market, and an investment in shares that are traded on LEAP Market is likely to carry a higher risk than an investment in shares listed on the Main Market and ACE Market.

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.

3.3 Our Proposed Listing may be delayed / terminated /aborted on the occurrence of certain events

Our Proposed Listing is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

(a) 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 Proposed Listing is sought is in the hands of public shareholders; and

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

In this respect, we will exercise our best endeavour to comply with the various regulatory requirements for our successful Proposed Listing. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or non-implementation of our Proposed Listing.

If our Proposed Listing does not take place within 6 months from the date Bursa Securities approves the Proposed Listing on the LEAP Market (or such further extension of time as Bursa Securities may allow) or we abort the Proposed Listing on the LEAP Market, Sophisticated Investors will not receive any Shares but we will return in full, without interest, all monies paid in respect of any application for our Shares within 14 days and our Directors shall be jointly and severally liable to repay the monies with interest at the rate of 10.0% per annum or such other rate as may be prescribed by Bursa Securities upon expiration of that period until full refund is made.

If 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.

4. OTHER RISKS

4.1 Forward looking statements

Certain statements contained in this document may constitute forward-looking statements. Such statements include, amongst other things, statements regarding our Group's or management's beliefs, expectations, estimations, plans, anticipations and similar statements. Any such forward-looking statements involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of our Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this Information Memorandum and there can be no assurance that the results and events contemplated by such forward looking statements will, in fact occur. Our Group and our Directors expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein, or to reflect any change in our Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, save as required to comply with any legal or regulatory obligations (including the LEAP Listing Requirements).

4.2 Reliance on information in public media

Sophisticated Investors should rely only on statements made in this Information Memorandum in determining whether to purchase our Shares, not on information in public media that is published by third parties.

Sophisticated Investors should carefully evaluate all of the information in this Information Memorandum. We may have received and may continue to receive media coverage, including coverage that is not directly attributable to statements made by our officers and employees, that incorrectly reports on statements made by our officers or employees, or that is misleading as a result of omitting information provided by us, our officers, or employees. Sophisticated Investors should rely only on the information contained in this Information Memorandum in determining whether to purchase our Shares.

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PART IV: ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENTS

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

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

2. SHARE CAPITAL

(a) As at the date of this Information Memorandum, we have only one class of shares, namely ordinary shares;

(b) Other than the Proposed Placement, there is no intention on the part of our Directors to issue any new Shares in our Company; and

(c) As at the date of this Information Memorandum, we do not have any outstanding convertible debt securities.

3. MATERIAL LITIGATION AND CONTINGENT LIABILITIES

As at LPD, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and our Directors do 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 financial position or our subsidiaries.

As at LPD, our Directors confirm that there are no contingent liabilities incurred by us or our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries.

4. MATERIAL CAPITAL COMMITMENTS

Save for the proposed utilisation of proceeds as set out in Section 1.5, Part II: Information on our Proposed Listing, we do not have any material commitments as at LPD.

5. MATERIAL CONTRACTS

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

(a) Sale and purchase agreement dated 22 January 2018 between SEERS and the SMSB Vendors for the acquisition by SEERS of the entire share capital of SMSB comprising 400,000 ordinary shares for a purchase consideration of RM3,864,360 to be satisfied by the issuance of 193,218,000 new SEERS Shares at an issue price of RM0.02 to the SMSB Vendors, credited as fully paid-up. The Acquisition of SMSB was completed on 26 February 2018;

(b) Sale and purchase agreement dated 22 January 2018 between SEERS and the STSB Vendors for the acquisition by SEERS of the entire share capital of STSB comprising 50,002 ordinary shares for a purchase consideration of RM10 to be satisfied by the issuance of 500 new SEERS Shares at an issue price of RM0.02 to the STSB Vendors, credited as fully paid-up. The Acquisition of STSB was completed on 26 February 2018; and

(c) Deed of Assignment of Patent dated 16 January 2018 between Ken KH Foo and Eastwood Chan (collectively, "Assignors") and SMSB ("Assignee"). The Assignors who own the patent rights to the 'Seers' water heater system that uses a 12-volt driven heat extraction technology, have assigned all their rights to the Assignee on the terms and condition set out in the deed for nominal consideration of RM1.00. This was part of our Group's internal restructuring to consolidate the ownership of all intellectual property rights under our Group.

6. CONSENT

The written consents of the Approved Adviser, Placement Agent, Continuing Adviser, Company Secretary, Auditors, Legal Counsels, Share Registrar and Principal Banker 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.

7. DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

(a) M&A Securities has given its written confirmation that, as at the date of this Information Memorandum, there is no existing or potential conflict of interest in its capacity as the Approved Adviser, Continuing Adviser and Placement Agent for our Proposed Listing;

(b) Messrs Teh & Lee has given its written confirmation that, as at the date of this Information Memorandum, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Proposed Listing; and

(c) Ecovis has given its written confirmation that, as at the date of this Information Memorandum, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Proposed Listing.

8. THIRD PARTY INFORMATION

Where information has been sourced from a third party, the information has been accurately reproduced and, as far as our Company and our Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

9. COMMUNICATIONS WITH SHAREHOLDERS

Upon successful listing on the LEAP Market, we may from time to time send to our shareholders, documents such as, but not limited to shareholders' circulars, annual reports, written resolutions and notices as required by LEAP Listing Requirements ("**Documents**") via electronic means. The Documents shall be transmitted to the electronic mail address of our shareholders registered with our Share Registrar or published on our website.

However, in the event the electronic mail address of any of our shareholders is not available, or if our shareholders request for a hardcopy to be sent to them, our Company will forward a copy of the Documents to the shareholders as soon as reasonably practicable after the receipt of the request, free of charge. If the Documents are published on our website, our Company will immediately and separately send a written notification of such publication to our shareholders.

10. DOCUMENTS FOR INSPECTION

Copies of this Information Memorandum are available free of charge for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of:

(a) M&A Securities Sdn Bhd at Level 11, No 45 & 47, the Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur;

(b) SEERS at No 4, Jalan Utarid U5/18A, Seksyen U5, 40150 Shah Alam, Selangor; and

(c) SEERS's registered office at No 7-1, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur,

for at least 1 month after the listing of our Company on the LEAP Market.

APPENDIX I

COMBINED FINANCIAL STATEMENTS OF SEERS GROUP FOR FYE 2016 AND 2017

SEERS BERHAD

(formerly known as Seers Sdn. Bhd.)
(Incorporated in Malaysia)
(Company No. 1252690-U)

COMBINED FINANCIAL STATEMENTS 31 DECEMBER 2017 AND 31 DECEMBER 2016

ECOVIS AHL PLT
(LLP0003185-LCA) & (AF 001825)
Chartered Accountants

SEERS BERHAD

(formerly known as Seers Sdn. Bhd.)
(Incorporated in Malaysia)
Company No. 1252690-U

COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2016

Contents

ECOVIS®

ECOVIS AHL PLT (LLP0003185-LCA) & (AF 001825)
Chartered Accountants. Kuala Lumpur, Malaysia

Kuala Lumpur, Malaysia
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The Board of Directors
SEERS BERHAD
(formerly known as Seers Sdn. Bhd.)
No. 4, Jalan Utarid U5/18A,
Seksyen U5, Shah Alam,
40150 Selangor.

1 June 2018

Dear Sirs,

REPORT ON THE AUDIT OF THE COMBINED FINANCIAL STATEMENTS OF SEERS BERHAD (formerly known as Seers Sdn. Bhd.)

Opinion

We have audited the combined financial statements of Seers Berhad (formerly known as Seers Sdn. Bhd.) ("SEERS" or "the Company"), which comprise the combined statement of financial position as at 31 December 2017 and 31 December 2016, and the combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows of Seers Marketing Sdn. Bhd. and Seers Technology Sdn. Bhd. for the financial years then ended, and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages 4 to 44.

The combined financial statements has been prepared for inclusion in the information memorandum of the Company in connection with the proposed listing of and quotation for the entire enlarged share capital of the Company on the Leading Entrepreneur Accelerator Platform ("LEAP") Market of Bursa Malaysia Securities Berhad. This report is required by the LEAP Market Listing Requirements issued by the Bursa Securities Malaysia Berhad (the "Listing Requirements") and shall not be relied for other purposes.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the combining entities as at 31 December 2017 and 31 December 2016, and of its financial performance and its cash flows for the financial years 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.

REPORT ON THE AUDIT OF THE COMBINED FINANCIAL STATEMENTS OF SEERS BERHAD (formerly known as Seers Sdn. Bhd.) (CONTINUED)

Independence and Other Ethical Responsibilities

We are independent of the combining entities and of 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.

Responsibilities of the Directors for the Combined Financial Statements

The Directors of the Company are responsible for the preparation of the combined financial statements of the combining entities 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 of the combining entities, the Directors are responsible for assessing the combining entities' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the 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 of the combining entities as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial 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:

(a) Identify and assess the risks of material misstatement of the combined financial statements of the combining entities, 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

REPORT ON THE AUDIT OF THE COMBINED FINANCIAL STATEMENTS OF SEERS BERHAD (formerly known as Seers Sdn. Bhd.) (CONTINUED)

Auditors' Responsibilities for the Audit of the Combined Financial Statements (Continued)

(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' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the combined financial statements of the combining entities 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 report. However, future events or conditions may cause the combining entities to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the combined financial statements of the combining entities, including the disclosures, and whether the combined financial statements of the combining entities represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the combining entities to express an opinion on the combined financial statements of the combining entities. We are responsible for the direction, supervision and performance of the combining entities audit. We remain solely responsible for our audit opinion.

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

Other Matters

This report is made solely for the inclusion in the information memorandum of SEERS in connection with the proposed listing of and quotation of the enlarged issued and paid-up share capital of SEERS on the LEAP Market of Bursa Malaysia Securities Berhad. At such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member of employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

ECOVIS AHL PLT
AF 001825
Chartered Accountants

CHUA KAH CHUN
No. 2696/09/19 (J)
Chartered Accountant

Kuala Lumpur

1 June 2018

SEERS BERHAD
(formerly known as Seers Sdn. Bhd.)
(Incorporated in Malaysia)
Company No. 1252690-U

COMBINED STATEMENT OF FINANCIAL POSITION

The combined statement of financial position as at 31 December 2017 and 31 December 2016 are set out below:

	Note	2017 RM	2016 RM
ASSETS			
NON-CURRENT ASSETS			
Plant and equipment	5	566,336	484,338
CURRENT ASSETS			
Inventories	6	1,741,104	823,909
Trade receivables	7	2,460,188	2,765,324
Other receivables, deposits and prepayments	8	307,104	866,138
Amount owing by Directors	9	-	248,791
Deposit placed with a licensed bank	10	341,436	331,225
Cash and bank balances		1,086,784	611,251
TOTAL CURRENT ASSETS		5,936,616	5,646,638
TOTAL ASSETS		6,502,952	6,130,976
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	450,012	450,012
Retained earnings	13	3,508,699	2,333,820
TOTAL EQUITY		3,958,711	2,783,832
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	14	564,856	550,714
Deferred tax liabilities	15	2,100	4,092
TOTAL NON-CURRENT LIABILITIES		566,956	554,806
CURRENT LIABILITIES			
Trade payables	16	414,900	835,740
Other payables and accruals	17	346,378	442,267
Amount owing to Directors	9	2,194	2,194
Borrowings	14	845,686	856,884
Current tax liabilities		368,127	655,253
TOTAL CURRENT LIABILITIES		1,977,285	2,792,338
TOTAL LIABILITIES		2,544,241	3,347,144
TOTAL EQUITY AND LIABILITIES		6,502,952	6,130,976

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

SEERS BERHAD
(formerly known as Seers Sdn. Bhd.)
(Incorporated in Malaysia)
Company No. 1252690-U

COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The combined statement of profit or loss and other comprehensive income for the financial years ended 31 December 2017 and 31 December 2016 are set out below:

	Note	2017 RM	2016 RM
Revenue	18	9,309,064	9,302,233
Cost of sales		(4,980,146)	(3,850,711)
Gross profit		4,328,918	5,451,522
Other operating income	19	225,518	13,873
Administration expenses		(2,785,179)	(3,465,790)
Profit from operations		1,769,257	1,999,605
Finance costs	20	(110,202)	(108,497)
Profit before tax	21	1,659,055	1,891,108
Income tax expense	23	(484,176)	(494,094)
Profit for the financial year		1,174,879	1,397,014
Other comprehensive income		-	-
Total comprehensive income for the financial year		1,174,879	1,397,014
Profit for the financial year attributable to:			
Common controlling shareholders of the combining entities		1,174,879	1,397,014
Earnings per ordinary shares attributable to shareholders of the combining entities			
- Basic (sen)	24	0.46	0.54

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

COMBINED STATEMENT OF CHANGES IN EQUITY

The combined statement of changes in equity for the financial years ended 31 December 2017 and 31 December 2016 are set out below:

	Share capital RM	Retained earnings RM	Total RM
At 1 January 2016	450,012	936,806	1,386,818
Total comprehensive income for the financial year	-	1,397,014	1,397,014
At 31 December 2016/At 1 January 2017	450,012	2,333,820	2,783,832
Total comprehensive income for the financial year	-	1,174,879	1,174,879
At 31 December 2017	450,012	3,508,699	3,958,711

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

SEERS BERHAD
(formerly known as Seers Sdn. Bhd.)
(Incorporated in Malaysia)
Company No. 1252690-U

COMBINED STATEMENT OF CASH FLOWS

The combined statement of cash flows for the financial years ended 31 December 2017 and 31 December 2016 are set out below:

	Note	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,659,055	1,891,108
Adjustments for:			
- Allowance on doubtful debts:			
- Trade receivables		37,317	219,170
- Other receivables		600	-
- Bad debts written off		21,209	563,378
- Depreciation of plant and equipment		218,257	186,399
- Doubtful debts recovered		(185,953)	-
- Gain on disposal of plant and equipment		(4,632)	-
- Interest expense		110,202	108,497
- Interest income		(10,211)	(8,340)
- Unrealised (gain)/loss on foreign exchange		(2,048)	10,627
Operating profit before changes in working capital		1,843,796	2,970,839
Inventories		(917,195)	(344,858)
Trade and other receivables		990,997	(1,869,631)
Trade and other payables		(514,681)	(620,044)
Amount owing by/(to) Directors		248,791	(194,999)
Cash flow from/(used in) operations		1,651,708	(58,693)
Interest paid		(45,670)	(39,352)
Tax paid		(773,294)	(102,275)
Tax refund		-	3,369
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		832,744	(196,951)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	A	(28,943)	(6,879)
Proceeds from disposal of plant and equipment		23,320	-
NET CASH USED IN INVESTING ACTIVITIES		(5,623)	(6,879)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(64,532)	(69,145)
Repayment of finance lease liabilities		(128,542)	(74,424)
Repayment of term loan		(91,669)	(81,246)
NET CASH USED IN FINANCING ACTIVITIES		(284,743)	(224,815)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT		542,378	(428,645)
CASH AND CASH EQUIVALENT AT BEGINNING OF THE FINANCIAL YEAR		(77,311)	351,334
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL YEAR	B	465,067	(77,311)

COMBINED STATEMENT OF CASH FLOWS (CONTINUED)

Note A

Purchase of plant and equipment by way of:

	2017 RM	2016 RM
Financed by finance lease liabilities	290,000	-
Cash payments on purchase of plant and equipment	28,943	6,879
	318,943	6,879

Note B

Cash and cash equivalents at the end of the financial year comprises:

	2017 RM	2016 RM
Cash in hand	52,991	70,802
Cash at bank	1,033,793	540,449
Deposit placed with a licensed bank	341,436	331,225
	1,428,220	942,476
Less: Bank overdraft (Secured)	(621,717)	(688,562)
Less: Deposit placed with a licensed bank (Restricted)	(341,436)	(331,225)
	465,067	(77,311)

Currency exposure profile of cash and bank balances is as follows:

	2017 RM	2016 RM
Ringgit Malaysia	1,035,038	487,620
United States Dollar	51,746	123,631
	1,086,784	611,251

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2016

The combined financial statements deal solely with the audited combined financial statements of Seers Marketing Sdn. Bhd. and Seers Technology Sdn. Bhd. for financial years ended 31 December 2017 and 31 December 2016. The audited financial statements of Seers Berhad (formerly known as Seers 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 of and quotation for the enlarged issued and paid-up share capital of SEERS on the LEAP Market of Bursa Malaysia Securities Berhad, and remains dormant.

The combined financial statements consist of the financial statements of combining entities as disclosed in Note 11 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 by 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 year.

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated under the Companies Act 2016 in Malaysia. The domicile of the Company is Malaysia. On 31 May 2018, Seers Sdn. Bhd. was converted into a public limited company and assumed its present name of Seers Berhad.

The registered office of the Company is located at No. 7-1, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur.

The principal place of business of the Company is located at No. 4, Jalan Utarid U5/18A, Seksyen U5, Shah Alam, 40150 Selangor Darul Ehsan.

The principal activity of SEERS is that of investment holding. The principal activities of the combining entities are disclosed in Note 11 to the combined financial statements. There have been no significant change in the nature of these principal activities during the financial year ended 31 December 2017.

2. BASIS OF PREPARATION

The combined financial statements of the combining entities have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") and are prepared under the historical cost convention, unless otherwise indicated in the summary of significant account policies.

The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of combining entities.

2. BASIS OF PREPARATION (CONTINUED)

2.1 MFRSs, Amendments to MFRSs and IC Interpretations that Have Been Issued, But Not Yet Effective and Not Yet Adopted

The following are MRFSs, Amendments to MFRSs and IC Interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the combining entities:

MFRS (Including the Consequential Amendments)		Effective Date
MFRS 9	Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 15	Clarification to MFRS 15	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transaction	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140	Transfer of Investment Property	1 January 2018
Amendments to MFRS 1	Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2018
Amendments to MFRS 128	Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 3	Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 11	Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 112	Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 123	Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment and Settlement	1 January 2019
Amendments to MFRS 2	Share-based Payment	1 January 2020
Amendments to MFRS 3	Business Combinations	1 January 2020
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 14	Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2020

2. BASIS OF PREPARATION (CONTINUED)

2.1 MFRSs, Amendments to MFRSs and IC Interpretations that Have Been Issued, But Not Yet Effective and Not Yet Adopted (Continued)

MFRS (Including the Consequential Amendments)		Effective Date
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134	Interim Financial Reporting	1 January 2020
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138	Intangible Assets	1 January 2020
Amendments to IC Interpretation 12	Service Concession Arrangements	1 January 2020
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132	Intangible Assets - Web Site Costs	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

Amendments to References to the Conceptual Framework in MFRS Standards - Effective for annual periods beginning or after 1 January 2020.

Earlier application of the amendment is permitted if at the same time an entity also applies all other amendments made by Amendments to References to the Conceptual Framework in MFRS Standards.

The initial application of the abovementioned accounting standards, amendments and interpretations to existing standards, where applicable, are not expected to have any material impacts to the combined financial statements of the combining entities, except as follows:

MFRS 9 - Financial Instruments

MFRS 9 "Financial Instruments (as issued by International Accounting Standard Board in July 2014)" replaces the guidance in MFRS 139 that relates to the classification and measurement of financial instruments. MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at FVTPL with the irrevocable option at inception to present changes in fair value in OCI, with only dividend income from the investment to be recognised in profit or loss.

2. BASIS OF PREPARATION (CONTINUED)

2.1 MFRSs, Amendments to MFRSs and IC Interpretations that Have Been Issued, But Not Yet Effective and Not Yet Adopted (Continued)

MFRS 9 - Financial Instruments (Continued)

For financial liabilities, there were no changes to classification and measurement except for liabilities designated at inception to be measured at FVTPL. For these, the portion of fair value changes caused by changes in an entity's own credit risk shall be recognised in OCI rather than in profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

This standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The impact of the adoption of this standard in relation to the new requirements for classification and measurement and impairment are still being assessed, but the requirements for hedge accounting is not relevant to the combining entities.

MFRS 15 - Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligation. The Standard specifies that the revenue is to be recognised when control over the goods or services is transferred to customer, moving from the transfer of risks and rewards. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this Standard.

The combining entities have elected to apply the modified retrospective approach for the initial adoption of MFRS 15. In accordance with this transition method, the combining entities must apply MFRS 15 retrospectively only for those contracts which have not been fulfilled as of 1 January 2018. The resultant impact of initial application, if material, will be recognised in equity as of 1 January 2018, thus having no effect on prior year's profit or loss. The prior year's amounts will not be restated.

The combining entities is continuing to assess the impact of these and other accounting changes that will arise under MFRS 15.

2. BASIS OF PREPARATION (CONTINUED)

2.1 MFRSs, Amendments to MFRSs and IC Interpretations that Have Been Issued, But Not Yet Effective and Not Yet Adopted (Continued)

MFRS 16 - Leases

MFRS 16 "Leases" is a new Standard that will supersede MFRS 117 "Leases" and related IC interpretations effective for financial period beginning 1 January 2019. MFRS 16 eliminates the distinction between finance and operating leases for lessees. It requires a lessee to recognise a "right-to-use" of the underlying assets and a lease liability reflecting future lease payments for most leases. The "right-to-use" is depreciated in accordance with the principles in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense to be recognised in combined statement of profit or loss. This effectively means all leases are reflected on the combined statement of financial position for lessees. For lessors, MFRS 16 retains most of the requirements in MFRS 117 and lessors continue to classify all leases as either operating or finance lease and account for them differently. There are recognition exemptions for short term leases and leases of low-value items.

The combining entities is currently assessing the financial impact that may arise from the adoption of MFRS 16.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

Business combinations under common control

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. The combining entities resulting from the restructuring exercise in tandem with the proposed listing, as disclosed in Notes 1 and 11 of this report, comprises entities under common control.

Business combinations under common control in the form of equity instrument exchanges are accounted for by applying the merger method of accounting. In applying merger accounting, financial statements items of the combining entities for the reporting period in which common control combination occurs are included in the combined financial statements of the combining entities as if the combination had occurred from the date when the combining entities first come under the control of the controlling party or parties.

Assets, liabilities, income and expenses of the merger entities are reflected at their carrying amounts reported in the individual financial statements for the full financial year, irrespective of the date of the merger. Any difference between the consideration paid and the share capital of the merger entity are reflected within equity as merger reserve.

The financial statements of the combining entities are prepared for the same reporting period, using consistent accounting policies. The accounting policies of the combining entities are changed to ensure consistency with the policies adopted by the other entities in the combining entities, where necessary.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 3.6(ii) to the combined financial statements. Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition of its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

The cost of replacing part of an item of plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when if it is probable that the future economic benefits embodied within the part will flow to the combining entities and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss when incurred.

Plant and equipment are depreciated on the straight line basis to write off the cost over the estimated useful lives of the assets concerned. The principal annual rated used for this purpose are as follows:

Computer and software	20%
Furniture and fittings	20%
Motor vehicles	20%
Office equipment	20%
Plant and machineries	10% - 20%
Renovation	10%

The residual values and useful lives of assets and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values, useful lives and depreciation method are included in profit or loss for the financial year in which the changes arise.

Fully depreciated assets are retained in the combined financial statements until the assets are no longer in use.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial year the asset is derecognised.

3.3 Inventories

Inventories comprise assembly, components, parts and finished goods that are stated at the lower of cost and net realisable value. Cost is determined by first-in first-out basis. Cost comprises purchase price and directly attributable cost 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 to completion and the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Cash and cash equivalents

For the purpose of combined statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, demand deposits and other short term and highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdrafts, deposits and designated bank balances pledged to banks.

3.5 Financial instrument

Financial instruments are recognised in the combined statement of financial position when, and only when, the combining entities become a party to the contract provisions of the financial instruments.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

The combining entities categorises financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in profit or loss.

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

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market, trade and other receivables and cash and cash equivalents are classified as loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instrument (Continued)

(i) Financial assets (Continued)

Loans and receivables (Continued)

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the combining entities have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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

Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

(ii) Financial liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instrument (Continued)

(ii) Financial liabilities (Continued)

Fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated as fair value through profit or loss upon initial recognition.

Derivative that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

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 reporting date.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instruments.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refer to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instrument (Continued)

(v) Derecognition (Continued)

A financial asset is derecognised when the contractual rights to receive cash flows from the asset has expired or 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 and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

3.6 Impairment of assets

(i) Impairment of financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at the end of each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

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

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised in the fair value reserve. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through the profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment of assets (Continued)

(i) Impairment of financial assets (Continued)

With the exception of available-for-sale equity instruments, if, in a subsequent year, the fair value of the instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed.

(ii) Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting year for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow.

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a cash-generating units ("CGU") or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocate to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or group of units on a pro-rata basis.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised on profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Equity instruments

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 or losses.

All transactions with owners of the combining entities are recorded separately within equity.

3.8 Leases

(i) Finance leases

Leases of plant and equipment where the combining entities assumes substantially all the benefits and risks of ownership are classified as finance leases.

Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The corresponding liability is included in the combined statement of financial position as borrowings.

In calculating the present value of the minimum lease payments, the discount factor used in the interest rate implicit in the lease, when it is practicable to determine, otherwise, the combining entities' incremental borrowings rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(ii) Operating lease

Leases of assets where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Provisions

Provision is recognised when the combining entities has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligations.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3.10 Revenue

(i) Sales of finished goods

Revenue from sale of finished goods is measured at the fair value of the consideration receivable and is recognised in the profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) Interest income

Interest income is recognised on an accrual basis.

3.11 Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions and non-monetary benefits are recognised as an expense in the financial year in which the associated services are rendered by employees. 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. Short term non-accumulating compensated absences sick leave, maternity and paternity leave are recognised when absences occur.

(ii) Defined contribution plans

The combining entities contribute to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the combining entities have no further payment obligations.

3.12 Borrowing costs

Borrowing costs consist of interest and other costs that the combining entities incurred in connection with the borrowing funds. All borrowing costs are charged to the profit or loss as an expense in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Taxation

(i) Current tax

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date, and adjustment of tax payable in respect of the previous financial year.

(ii) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from transaction which is recognised in other comprehensive income or directly in equity, in which case the deferred tax is charged or credited in other comprehensive income or directly in equity.

3.14 Goods and service tax ("GST")

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset. Receivables and payables related to such revenue, expenses or acquisitions of assets are presented in the combined statement of financial position inclusive of GST recoverable or GST payable.

GST recoverable from or payable to tax authority may be presented on net basis should such amounts are related to GST levied by the same tax authority and the taxable entity has a legally enforceable right to set off such amounts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Foreign currency transactions and translations

Transactions in foreign currencies are translated into Ringgit Malaysia at exchange rates ruling at the transaction date. Monetary assets and liabilities in foreign currencies at the statement of financial position are translated into Ringgit Malaysia at the rates ruling at the reporting date. All exchange differences are included in the profit or loss.

Non-monetary items are measured in term of historical cost in a foreign currency or translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

3.16 Related parties

A party is related to an entity if:

i. directly, or indirectly through one or more intermediaries, the party:
   - control, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
   - has an interest in the entity that gives it significant influence over the entity; or
   - has joint control over the entity;
ii. the party is an associated of the entity;
iii. the party is a joint venture in which the entity is a venturer;
iv. the party is a member of the key management personnel of the entity or its parent;
v. the party is a close member of the family of any individual referred to in (i) or (iv);
vi. the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
vii. the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

3.17 Fair value measurement

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Fair value measurement (Continued)

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or in directly; and
Level 3: Inputs are unobservable inputs for the asset or liability.

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of combined financial statements in conformity with MFRSs in Malaysia requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the combined financial statements and revenues and expenses during the reported period. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results may differ. Uncertainty about these judgements, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected. The most significant uses of judgements, estimates and assumptions are as follows:

(i) Allowances for inventories

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

(ii) Impairment of loans and receivables

The combining entities assesses 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 considers 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 for assets with similar credit risk characteristics.

5. PLANT AND EQUIPMENT

	Computer and software RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Plant and machineries RM	Renovation RM	Total RM
2017							
Cost							
At 1 January	9,625	88,226	569,430	92,566	149,019	67,229	976,095
Additions	-	-	318,000	943	-	-	318,943
Disposal	-	-	(46,720)	-	-	-	(46,720)
At 31 December	9,625	88,226	840,710	93,509	149,019	67,229	1,248,318
Accumulated depreciation							
At 1 January	6,272	51,676	273,713	50,631	86,346	23,119	491,757
Charge for the financial year	1,764	12,256	151,254	18,318	27,942	6,723	218,257
Disposal	-	-	(28,032)	-	-	-	(28,032)
At 31 December	8,036	63,932	396,935	68,949	114,288	29,842	681,982
Carrying amount							
At 31 December	1,589	24,294	443,775	24,560	34,731	37,387	566,336

5. PLANT AND EQUIPMENT (CONTINUED)

	Computer and software RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Plant and machineries RM	Renovation RM	Total RM
2016							
Cost							
At 1 January	9,625	88,226	569,430	85,687	149,019	67,229	969,216
Additions	-	-	-	6,879	-	-	6,879
At 31 December	9,625	88,226	569,430	92,566	149,019	67,229	976,095
Accumulated depreciation							
At 1 January	4,347	34,266	159,827	32,118	58,404	16,396	305,358
Charge for the financial year	1,925	17,410	113,886	18,513	27,942	6,723	186,399
At 31 December	6,272	51,676	273,713	50,631	86,346	23,119	491,757
Carrying amount							
At 31 December	3,353	36,550	295,717	41,935	62,673	44,110	484,338

Included in plant and equipment are motor vehicles that have been acquired under finance lease arragements with carrying amount of RM441,302 (2016: RM269,675).

6. INVENTORIES

	2017 RM	2016 RM
At cost:		
Assembly	405,372	2,811
Components and parts	-	133,874
Finished goods	1,335,732	687,224
	1,741,104	823,909

7. TRADE RECEIVABLES

	2017 RM	2016 RM
Trade receivables	2,614,629	3,142,577
Less: Allowance for impairment	(154,441)	(377,253)
	2,460,188	2,765,324

(i) The combining entities' normal trade credit terms range from 30 days to 90 days (2016: 30 days to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

(ii) The combining entities have no concentration of credit risk except for the amounts owing by a single (2016: two) customer(s) which constituted approximately 19% (2016: 37%) of its trade receivables respectively as at the end of the reporting period.

(iii) Included in trade receivables is an amount of RM224,274 (2016: RM369,789) owing by a company which related to a Director of the Company.

(iv) Ageing analysis on trade receivables

The ageing analysis of the combining entities' trade receivables are as follows:

	2017 RM	2016 RM
Neither past due nor impaired	295,380	326,260
Past due but not impaired		
Past due 1 to 30 days	536,875	899,759
Past due 31 to 60 days	455,884	585,426
Past due 61 to 90 days	390,719	167,054
Past due more than 90 days	781,330	786,825
	2,164,808	2,439,064
Past due and impaired	154,441	377,253
	2,614,629	3,142,577

7. TRADE RECEIVABLES (CONTINUED)

(iv) Ageing analysis on trade receivables (Continued)

(a) Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the combining entities.

None of the trade receivables that are neither past due nor impaired have been negotiated during the financial year.

(b) Receivables that are past due but not impaired

The combining entities have not made any allowance for impairment for receivables that are past due but not impaired as there has not been a significant change in the credit quality of these receivables and the amounts due are still recoverable.

In determining the recoverability of a trade receivable, the combining entities considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The combining entities have policies in place to ensure that credit is extended only to customers with acceptable credit history and payment track records. Allowances for impairment are made on specific trade receivable when there is objective evidence that the combining entities will not able to collect the amounts due.

The Directors are of the opinion that no impairment is required based on past experience and the likelihood of recoverability of these receivables.

(c) Receivables that are impaired

The combining entities' trade receivables that are impaired at the reporting date and the movement of the impairment are as follows:

	2017 **RM**	**2016** **RM**
Individually impaired		
Trade receivables		
- Nominal amounts	168,346	507,037
Less: Allowance for impairment	(154,441)	(377,253)
	13,905	129,784

Receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments or the Directors are of the opinion that it is not recoverable.

7. TRADE RECEIVABLES (CONTINUED)

(iv) Ageing analysis on trade receivables (Continued)

(c) Receivables that are impaired (Continued)

The movement of the allowance accounts used to record the impairment are as follows:

	2017 RM	2016 RM
At 1 January	377,253	158,083
Charge for the financial year	37,317	219,170
Reversal of impairment no longer required	(185,953)	-
Written off	(74,176)	-
At 31 December	154,441	377,253

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 RM	2016 RM
Other receivables	17,447	179,588
Less: Allowance for impairment	(600)	(160,528)
	16,847	19,060
Deposits and prepayments	290,257	847,078
	307,104	866,138

(i) Included in prepayments are payments made to China's suppliers for purchase of goods and the expenses incurred for proposed listing on the Leading Entrepreneur Accelerator Platform Market of Bursa Malaysia Securities Berhad amounting RM198,836 and RM59,680 (2016: RM745,478 and NIL) respectively.

(ii) Included in other receivables is an amount of RM3,820 (2016: NIL) owing by a company which related to the Directors of the Company.

(iii) The movement of the allowance accounts used to record the impairment are as follows:

	2017 RM	2016 RM
At 1 January	160,528	160,528
Charge for the financial year	600	-
Written off	(160,528)	-
At 31 December	600	160,528

9. AMOUNT OWING BY/(TO) DIRECTORS

The amount owing by/(to) Directors are unsecured, non-interest bearing and repayable on demand.

10. DEPOSIT PLACED WITH A LICENSED BANK

Fixed deposit placed with a licensed bank is pledged to the licensed bank for banking facilities granted to the combining entities as referred to in Note 14 to the combined financial statements.

At reporting date, the effective rate of interest for the combining entities' deposit is 3.08% (2016: 3.30%) per annum.

11. COMBINING ENTITIES

The details of the combining entities are as follows:

Name of combining entities	Effective equity interest 2017 %	2016 %	Principal Activities
Seers Marketing Sdn. Bhd.	100	100	Involvement in the water heater and water-related appliances business.
Seers Technology Sdn. Bhd.	100	100	Involvement in the water heater and water-related appliances business.

12. SHARE CAPITAL

	2017		2016	
	No. of shares	RM	No. of shares	RM
Issued and fully paid:				
At the beginning and end of the financial year	450,012	450,012	450,012	450,012

For the purpose of this report, the total number of shares as at each reporting year end represent the aggregate number of issued shares of the combining entities.

13. RETAINED EARNINGS

The Company's policy is to treat all gains and losses in other statement of comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained earnings, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders.

The retained earnings of the combining entities are available for distributions by way of cash dividends or dividends in specie. Under the single-tier system of taxation, dividends payable to shareholders are deemed net of income taxes. There are no potential income tax consequences to the Company that would result from the payment of dividends to shareholders. The dividends would not be taxable in the hands of the shareholders.

14. BORROWINGS

	2017 RM	**2016** RM
Non-current:		
Finance lease liabilities	353,721	236,540
Term loan	211,135	314,174
	564,856	550,714
Current:		
Bank overdraft	621,717	688,562
Finance lease liabilities	122,341	78,064
Term loan	101,628	90,258
	845,686	856,884
	1,410,542	1,407,598
Total borrowings:		
Bank overdraft	621,717	688,562
Finance lease liabilities	476,062	314,604
Term loan	312,763	404,432
	1,410,542	1,407,598
Maturities of borrowings:		
Not later than one year	845,686	856,884
Later than one year and not later than five years	564,856	550,714
	1,410,542	1,407,598

The range of interest rates per annum at the reporting date for borrowings were as follows:

	2017 %	**2016** %
Bank overdraft	8.15	8.15
Finance lease liabilities	2.43 - 3.41	2.43 - 3.41
Term loan	11.75	11.85

14. BORROWINGS (CONTINUED)

(i) Finance lease liabilities

	2017 RM	2016 RM
Future minimum finance lease payments as follows:		
- Not later than one year	142,070	91,308
- Later than one year and not later than five years	380,802	257,237
	522,872	348,545
Less: Future interest charges	(46,810)	(33,941)
Present value of finance lease liabilities	476,062	314,604
Represent by:		
Current		
- Not later than one year	122,341	78,064
Non-current		
- Later than one year and not later than five years	353,721	236,540
	476,062	314,604

(ii) Bank overdraft and term loan

The combining entities' bank overdraft and term loan obtained from financial institutions are secured by the following:

(a) Bank overdraft

- First party charge over fixed deposits placed with a licensed bank;
- Asset Sale Agreement for RM1,234,000 over Shariah-compliant commodities;
- Master Facility Agreement for RM800,000; and
- Joint and several guarantee by the Directors.

(b) Term loan

- Assignment of a Single Premium Reducing Term Plan under the name of a Director for the sum insured of not less than RM500,000;
- Guarantee by Credit Guarantee Corporation Malaysia Berhad under the Portfolio Guarantee Scheme for 70% of the approved limit; and
- Joint and several guarantee by the Directors.

15. DEFERRED TAX LIABILITIES

	2017 RM	2016 RM
At 1 January	4,092	3,479
Transferred from profit or loss (Note 23)	(1,992)	613
At 31 December	2,100	4,092

16. TRADE PAYABLES

The credit terms available to the combining entities in respect of trade payables range from 30 to 90 days (2016: 30 to 90 days).

Included in trade payables of the combining entities, there are RM NIL (2016: RM166,167) in which its currency exposure profile is Units States Dollar.

17. OTHER PAYABLES AND ACCRUALS

	2017 RM	2016 RM
Other payables	53,363	218,597
Accruals	78,957	98,180
Deposits received	214,058	125,490
	346,378	442,267

Included in deposits received of the combining entities, there are RM131,132 (2016: RM105,390) in which its currency exposure profile is Units States Dollar.

18. REVENUE

Revenue of the combining entities represents invoiced value of goods sold less returns and discount, if any.

19. OTHER OPERATING INCOME

	2017 RM	2016 RM
Bad debts recovered	22,674	-
Doubtful debts recovered	185,953	-
Gain on disposal of plant and equipment	4,632	-
Interest income	10,211	8,340
Reliased gain on foreign exchange	-	5,533
Unreliased gain on foreign exchange	2,048	-
	225,518	13,873

20. FINANCE COST

	2017 RM	2016 RM
Bank overdraft interest	45,670	39,352
Finance lease interest	23,180	17,370
Term loan interest	41,352	51,775
	110,202	108,497

21. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	2017 RM	2016 RM
Auditors' remuneration		
- Current year	31,500	31,500
- Over provision in prior year	-	(1,150)
Allowance for impairment:		
- Trade receivables	37,317	219,170
- Other receivables	600	-
Bad debt written off	21,209	563,378
Depreciation of plant and equipment	218,257	186,399
Rental of premises	350,400	348,400
Staff costs:		
- Salaries, wages, bonuses and allowances	822,643	857,880
- Defined contribution plan	82,128	94,877
- Social security contribution	11,774	11,321
- Other benefits	13,505	20,321
Unrealised loss on foreign exchange	-	10,627

22. OPERATING LEASE

The combining entities had entered into lease arrangements on a property. The future minimum lease payments under the non-cancellable operating leases are as follows:

	2017 RM	2016 RM
Not later than one year	276,000	350,400
Later than one year and not later than five years	-	300,800
	276,000	651,200

23. INCOME TAX EXPENSE

	2017 RM	2016 RM
Income tax		
- Current year	485,888	492,912
- Under provision in prior year	280	569
	486,168	493,481
Deferred tax		
- Current year	(969)	-
- (Over)/Under provision in prior year	(1,023)	613
	484,176	494,094

The reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the combining entities are as follows:

	2017 RM	2016 RM
Profit before tax	1,659,055	1,891,108
Malaysia statutory tax rate of 24%	398,173	453,866
Tax effect in respect of:		
Non-deductible expenses	128,512	67,016
Non-taxable income	(4,680)	-
Differential in statutory tax rate for small and medium companies	(37,086)	(27,970)
Under provision of income tax expenses in prior year	280	569
(Over)/Under provision of deferred tax expenses in prior year	(1,023)	613
Income tax expense for the financial year	484,176	494,094

24. EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders of the combining entities by the expected number of ordinary shares of the combining entities upon completion of the proposed listing.

	2017 RM	2016 RM
Profit attributable to common controlling shareholders of the combining entities	1,174,879	1,397,014
Expected number of shares upon completion of the proposed listing	257,625,400	257,625,400
Basic earnings per share (sen)	0.46	0.54

25. RELATED PARTY DISCLOSURES

(a) Identities of related parties

In addition to the information detailed elsewhere in the combined financial statements, set out below are the related parties and their relationship with the combining entities:

Related parties	Relationship
Seers Care Sdn. Bhd.	Related by common Directors and shareholders of the Company.
Seers International Sdn. Bhd.	Related by common Directors and a shareholder of the Company.
DC-Heater Pte. Ltd.	Related to a Director and a shareholder of the Company.

(b) Related parties transactions

	2017 RM	2016 RM
Advances made to a Director	1,220,581	960,605
Sales to a related party:		
- DC-Heater Pte. Ltd.	72,012	60,886
- Seers Care Sdn. Bhd.	-	66,661

The advances made to a Director have been fully settled as at 31 December 2017.

25. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Directors' compensation

The total compensation of Directors for the financial year ended 31 December 2017 and the comparative prior year are as follows:

	2017 RM	2016 RM
Directors' compensation		
- Salaries, bonus and allowances	245,150	234,000
- Defined contribution plan	29,737	29,320
Total compensation	274,887	263,320

26. OPERATING SEGMENT

Information about operating segments has not been reported separately as the combining entities' revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely water heater and water-related appliances business.

Geographical Revenue

The geographical information on the revenue of the combining entities based on geographical location of its customers are as follows:

	2017 RM	2016 RM
Malaysia	8,885,621	9,031,333
Outside Malaysia	423,443	270,900
	9,309,064	9,302,233

27. FINANCIAL INSTRUMENTS

27.1 Classification of financial instruments

The following table analyses the financial assets and liabilities in the combined statement of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

(i) Loans and receivables ("L&R")
(ii) Other liabilities ("OL")

	L&R	
	2017	**2016**
	RM	**RM**
Financial assets		
Trade receivables	2,460,188	2,765,324
Other receivables and deposits	102,847	120,660
Amount owing by Directors	-	248,791
Deposits placed with a licensed bank	341,436	331,225
Cash and bank balances	1,086,784	611,251
	3,991,255	4,077,251

	OL	
	2017	**2016**
	RM	**RM**
Financial liabilities		
Trade payables	414,900	835,740
Other payables and accruals	346,378	442,267
Amount owing to Directors	2,194	2,194
Borrowings	1,410,542	1,407,598
	2,174,014	2,687,799

27.2 Financial risk management policies

The operations of the combining entities are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk. The combining entities have formulated a financial risk management framework whose principal objective is to minimise the combining entities' exposure to risks and/or costs associated with the financing, investing and operating activities of the combining entities.

(i) 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. The combining entities' exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the combining entities minimises credit risk by dealing exclusively with high credit rating counterparties.

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.2 Financial risk management policies (Continued)

(i) Credit risk (Continued)

The management has in place a credit procedure to monitor and minimise the exposure of default. Receivables are monitored on a regular and an ongoing basis. Credit evaluations are performed on all customers requiring credit over certain amount.

a. *Exposure to credit risk*

At the reporting date, the combining entities' maximum exposure to credit risk is represented by the carrying amount of trade and other receivables recognised in the combined statement of financial position.

Information regarding credit enhancements for trade receivables is disclosed in Note 7 to the combined financial statements.

b. *Credit* risk *concentration profile*

The combining entities have no significant concentration of credit risk except as disclosed in Note 7 to the combined financial statements. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the combined statement of financial position.

c. *Financial assets that are neither past due nor impaired*

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 7 to combined the financial statement.

Deposits placed with a licensed bank that are neither past due nor impaired are placed with reputable institutions with no history of default.

d. *Financial assets that are either past due or impaired*

Information regarding financial assets that are past due or impaired is disclosed in Note 7 to the combined financial statements.

(ii) Liquidity risk

Liquidity risk is the risk that the combining entities will encounter difficulty in meeting financial obligations when they fall due. The combining entities' exposure to liquidity risk arises principally from its various payables and borrowings.

The combining entities maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.2 Financial risk management policies (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis

The maturity profile of the combining entities' financial liabilities based on undiscounted contractual repayment at the reporting date are as follows:

	Carrying Amount RM	Undiscounted Contractual Cash flows RM	On demand or within one year RM	One to five years RM	More than five years RM
2017					
Financial liabilities					
Trade payables	414,900	414,900	414,900	-	-
Other payables and accruals	346,378	346,378	346,378	-	-
Amount owing to Directors	2,194	2,194	2,194	-	-
Borrowings	1,410,542	1,512,434	896,807	615,627	-
	2,174,014	2,275,906	1,660,279	615,627	-
2016					
Financial liabilities					
Trade payables	835,740	835,740	835,740	-	-
Other payables and accruals	442,267	442,267	442,267	-	-
Amount owing to Directors	2,194	2,194	2,194	-	-
Borrowings	1,407,598	1,539,937	912,890	627,047	-
	2,687,799	2,820,138	2,193,091	627,047	-

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.2 Financial risk management policies (Continued)

(iii) 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 manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The Management does not enter into interest rate hedging transactions as the cost of such instruments outweighs the potential risk of interest rate fluctuation.

The interest rate profile of the combining entities' significant interest bearing financial instruments, based on the carrying amounts as at the end of the reporting period was:

	2017 RM	2016 RM
Fixed rate instruments:		
Finance asset		
Deposit placed with a licensed bank (Restricted)	341,436	331,225
Finance liabilities		
Finance lease liabilities	(476,062)	(314,604)
Floating rate instruments:		
Finance liabilities		
Bank overdraft (Secured)	(621,717)	(688,562)
Term loan	(312,763)	(404,432)

Sensitivity analysis for interest rate risk

Sensitivity analysis for fixed rate instruments

Sensitivity analysis is not disclosed on fixed rate financial liabilities as fixed rate financial liabilities are not exposed to interest rate risk are measured at amortised cost.

Sensitivity analysis for floating rate instruments

A change of 50 basis point ("bp") in interest rates at the end of reporting year would have decrease or increase the combining entities' profit before tax by RM4,672 (2016: RM5,465) respectively. This analysis assumes that all other variables remain unchanged.

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.2 Financial risk management policies (Continued)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of the combining entities' financial instrument will fluctuate because of changes in foreign exchange rates.

The combining entities have transactional currency exposure arising from bank balances that are denominated in a currency other than Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD").

The the combining entities' exposure to foreign currency risk, based on carrying amounts as at the end of reporting period is as follows:

	2017 RM	2016 RM
Denominated in USD		
Bank balances	51,746	123,631
Trade payables	-	(166,167)
Other payables and accruals	(131,132)	(105,390)
	(79,386)	(147,926)

<u>Sensitivity analysis for foreign currency risk</u>

A 5% strengthening of the RM against following currencies at the end of reporting period would increase in profit before tax as per below. This analysis assumes that all other variables remain unchanged.

	Increase in profit before tax	
	2017 RM	2016 RM
USD	(3,969)	(7,396)

A 5% weakening of the RM against above currencies at the end of the reporting period would have had an equal but opposite effect on the above currency to the amounts shown above on the basis that all other variable remain constant.

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.3 Fair value of financial instruments

The carrying amounts of the financial assets and financial liabilities reported in the combined financial statements approximated their fair values except for the following:

	2017		2016	
	Carrying amount RM	Fair Value RM	Carrying amount RM	Fair Value RM
Financial Liabilities				
Finance lease liabilities at fixed rate	476,062	483,405	314,604	311,763

The following summarises the methods used to determine the fair values of the financial instruments:

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair values of finance lease liabilities is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

(iii) The carrying amount of the term loan approximated its fair value as this instrument bear interest at variable rate.

27.4 Fair value hierarchy

The combining entities do not have any financial instruments carried at fair value as at 31 December 2017.

28. Capital management

The primary objective of the combining entities' capital management is to ensure that it maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The combining entities manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the combining entities may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2017 and 31 December 2016.

The combining entities monitors capital using a gearing ratio, which is net debts divided by total capital plus net debt. The combining entities includes within net debts, trade and other payables, directors, finance lease liabilities and borrowings less cash and cash equivalent.

The gearing ratio at end of the reporting period is as follows:

	2017 RM	2016 RM
Trade payables	414,900	835,740
Other payables and accruals	346,378	442,267
Amount owing to Directors	2,194	2,194
Borrowings	1,410,542	1,407,598
Less: Cash and bank balances	(341,436)	(331,225)
Less: Deposit placed with a licensed bank (Restricted)	(1,086,784)	(611,251)
Net debts	745,794	1,745,323
Total capital	3,958,711	2,783,832
Capital and net debts	4,704,505	4,529,145
Gearing ratio	16%	39%

29. SIGNIFICANT EVENT AFTER REPORTING PERIOD

(a) On 17 January 2018, the Company has incorporated a wholly-owned subsidiary, Seers Asia Sdn. Bhd. with issued and paid-up capital of RM1.

(b) On 22 January 2018, the Company has entered into sales and purchase agreement with Seers Marketing Sdn. Bhd. and Seers Technology Sdn. Bhd. to acquire their entire shareholding.

SEERS BERHAD
(formerly known as Seers Sdn. Bhd.)
(Incorporated in Malaysia)
Company No. 1252690-U

STATEMENT BY DIRECTORS

We, Foo Kwok Hsing and Chan Toong Mook, being the Directors of Seers Berhad (formerly known as Seers Sdn. Bhd.), state that, in the opinion of the Directors, the combined financial information set out on pages 4 to 44 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the combined financial position of the combining entities as at 31 December 2017 and 2016 and of their financial performance, changes in equity and cash flows for the corresponding financial years ended on that date.

Signed in accordance with a resolution of the Directors dated 1 June 2018.

On behalf of the Board,

Foo Kwok Hsing

Chan Toong Mook

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