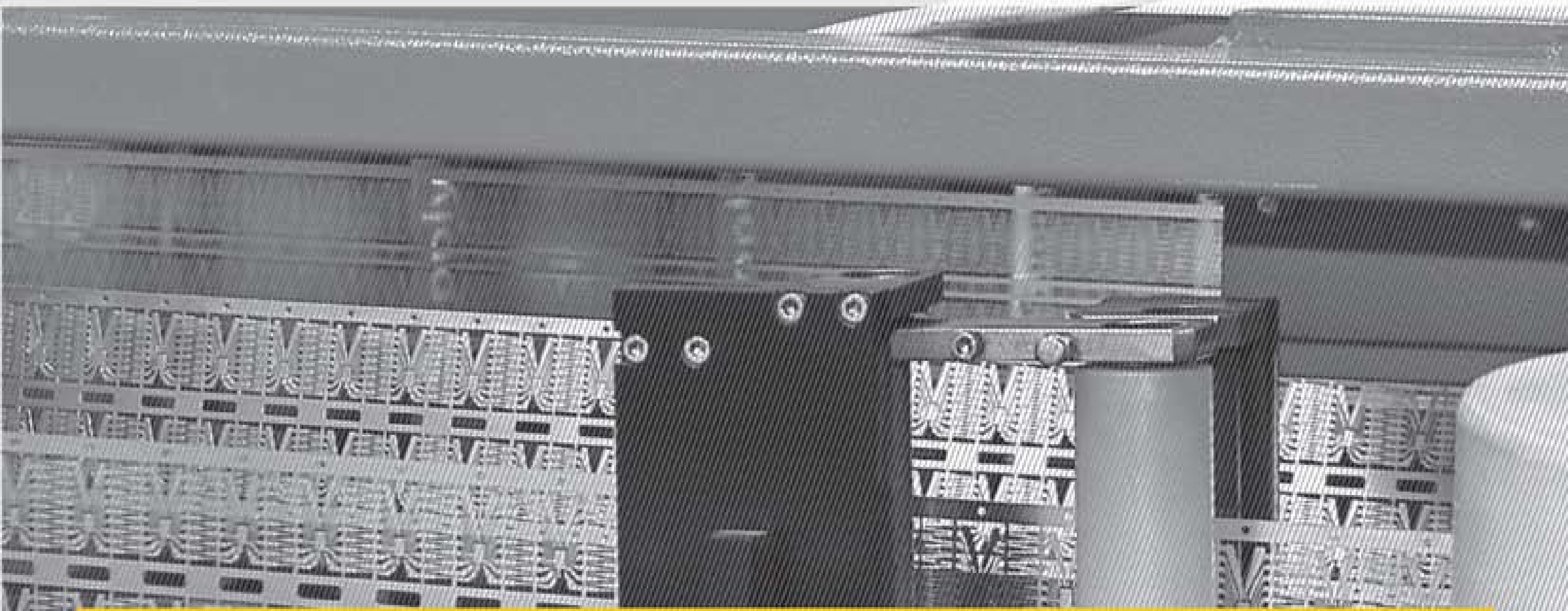
INFORMATION MEMORANDUM

AMLEX HOLDINGS BERHAD

(Company No.: 1272796-A)
(Incorporated in Malaysia)



Proposed placement of 40,217,000 ordinary shares in Amlex Holdings Berhad at an indicative price of RM0.15 per share in conjunction with our proposed listing on the LEAP Market of Bursa Malaysia Securities Berhad

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.

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)

This Information Memorandum is dated 7 August 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, Placement Agent and the Continuing Adviser to our Proposed Listing acknowledges that, based on all available information, and to the best of its knowledge, this Information Memorandum constitutes a full and true disclosure of all material facts concerning the Proposed Listing and the Proposed Placement.

This Information Memorandum has been drawn up in accordance with the LEAP Listing Requirements for the Proposed Listing and the Proposed Placement. The Proposed Placement constitutes an excluded issue within the meanings of Section 230 of CMSA. This Information Memorandum has been prepared in the context of securities offering under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

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

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

Sophisticated Investors should note that they may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws and regulations including any statement in the Information Memorandum that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Information Memorandum.

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of our Shares is not and should not be construed as a recommendation by us and/or the Approved Adviser to subscribe for or purchase our Shares. This Information Memorandum is not a substitute for and should not be regarded as an independent evaluation and analysis and does not purport to be all inclusive. Each Sophisticated Investor should perform and is deemed to have made its own independent investigation and analysis of the 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 of 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	7 August 2018
Expected approval from Bursa Securities	End August 2018
Price-fixing date for Placement Price	End August 2018
Allotment of the Placement Shares	Early September 2018
Listing of our Company on the LEAP Market	Early September 2018

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 for our Proposed Listing.

PLACEMENT STATISTICS

Method of offering	Private placement
Indicative Placement Price per Share	RM0.15
Number of existing Shares	227,896,100
Number of Placement Shares being issued pursuant to the Proposed Placement	40,217,000
Number of Shares in issue on Proposed Listing	268,113,100
Percentage of enlarged share capital represented by the Placement Shares	15%
Indicative gross proceeds of the Proposed Placement	RM6.0 million
Estimated net proceeds of the Proposed Placement to be received by the Company	RM5.0 million
Market capitalisation of the Company at the Indicative Placement Price upon Proposed Listing	RM40.2 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 "AHB" in this Information Memorandum are to Amlex Holdings Berhad. All references to "AHB Group" and "our Group" in this Information Memorandum" are to our Company and our subsidiaries taken 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 AHB 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" are to Say Soon and Say Peng.

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 one (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 is a reference to that statutory legislation as for the time being amended, modified or re-enacted.

IMPORTANT INFORMATION (Cont'd)

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 "**Part I: Section 6.4**". 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	Lim Say Soon, *Managing Director* Lim Say Peng, *Executive Director* Yap Soon Hin, *Non-Independent Non-Executive Director* Mohd Zuber Bin Abu Bakar, *Independent Non-Executive Director*
Business Address	799, Lorong Perindustrian Bukit Minyak 7 Taman Perindustrian Bukit Minyak 14100 Simpang Ampat, Penang Malaysia
E-mail	ir@amlextech.com
Website	www.amlextech.com
Company Secretary	Lim Yong Chiat (MAICSA 7060553)
Registered Office	9-1, 9th Floor, Wisma Penang Garden 42, Jalan Sultan Ahmad Shah 10050 George Town, Penang Malaysia
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 Malaysia
Auditors	Baker Tilly Monteiro Heng (AF 0117) Baker Tilly MH Tower Level 10, Tower 1, Avenue 5, Bangsar South City 59200 Kuala Lumpur Malaysia
Legal Counsel to the Company	Ong and Manecksha 200, Victoria Street 10300 Penang Malaysia
Share Registrar	Bina Management (M) Sdn Bhd (50164-V) Lot 10, The Highway Centre Jalan 51/205 46050 Petaling Jaya Malaysia
Independent Market Research Consultant	Providence Strategic Partners Sdn Bhd (1238910-A) L-2-1, Plaza Damas No. 60 Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Malaysia
Listing sought	LEAP Market of Bursa Securities
Principal Banker	CIMB Bank Berhad No.1284, Jalan Bahru Taman Chai Leng 13700 Prai, Penang Malaysia

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

‘AHB or ‘Company’	: Amlex Holdings Berhad (1272796-A)
‘AHB Group’ or ‘Group’	: AHB and its subsidiaries, namely ATSB and TESB
‘ATSB’	: Amlex Technology Sdn Bhd (671870-W), a wholly-owned subsidiary of AHB
‘TESB’	: Titan Entity Sdn Bhd (763184-H), a wholly-owned subsidiary of ATSB Group

Individuals

‘Mohd Zuber’	: Mohd Zuber Bin Abu Bakar, our Independent Non-Executive Director
‘Say Peng’	: Lim Say Peng, our Executive Director, younger brother to Lim Say Soon
‘Say Soon’	: Lim Say Soon, our Group Managing Director, older brother to Lim Say Peng
‘Soon Hin’	: Yap Soon Hin, our Non-Independent Non-Executive Director, and shareholder

Other Corporations, Establishment and Agencies

‘AELB’	: Atomic Energy Licensing Board
‘Approved Adviser’, ‘Continuing Adviser’, or ‘Placement Agent’	: M&A Securities
‘Bursa Securities’	: Bursa Malaysia Securities Berhad (635998-W)
‘Dynacraft Industries’	: Dynacraft Industries Sdn Bhd (242403-H)
‘FMM’	: Federation of Malaysian Manufacturers
‘ISO’	: International Organization for Standardization is an international standard-setting body composed of representatives from various national standards organizations
‘MIDA’	: Malaysian Investment and Development Authority
‘MITI’	: Ministry of International Trade and Industry
‘MyIPO’	: Intellectual Property Corporation of Malaysia
‘M&A Securities’	: M&A Securities Sdn Bhd (15017-H)
‘PROVIDENCE’	: Providence Strategic Partners Sdn Bhd (1238910-A)

DEFINITIONS *(Cont'd)*

General

'Acquisition'	:	Acquisition by our Company of the entire equity interest in ATSB from the Vendors for a total purchase consideration of RM22,789,608, satisfied fully via the issuance of 227,896,080 Shares at an issue price of RM0.10 per Share
'Act'	:	Companies Act 2016
'BNM'	:	Bank Negara Malaysia
'Board'	:	Board of Directors of our Company
'CAGR'	:	Compound annual growth rate
'CMSA'	:	Capital Markets and Services Act 2007
'Directors'	:	Directors of our Company
'E&E'	:	Electrical and electronic
'EBITDA'	:	Earnings before interest, tax, depreciation and amortisation
'FYE(s)'	:	Financial year(s) ended 31 March
'GDP(s)'	:	Gross domestic products
'GP'	:	Gross profit
'Indicative Placement Price'	:	The indicative placement price of RM0.15 per Share to be issued pursuant to the Proposed Placement
'Information Memorandum'	:	This information memorandum dated 7 August 2018
'LEAP Market'	:	LEAP Market of Bursa Securities
'LEAP Listing Requirements'	:	LEAP Market Listing Requirements of Bursa Securities
'LPD'	:	31 July 2018, being the latest practicable date prior to the date of this Information Memorandum
'MNC(s)'	:	Multinational corporation(s)
'NA'	:	Net assets
'NBV'	:	Net book value
'OEM(s)'	:	Original equipment manufacturer(s)
'OSAT'	:	Outsourced semiconductor assembly and test
'PAT'	:	Profit after tax
'PBT'	:	Profit before tax

DEFINITIONS *(Cont'd)*

'Pioneer Status'	:	A status accorded by the Ministry of Finance through the ambit of MITI, the pioneer status entities are able to gain corporate tax relief for a certain period, ranges from 5 to 10 years
'PE'	:	Price-to-earnings multiple
'Placement Shares'	:	40,217,000 Shares to be issued pursuant to the Proposed Placement
'Promoters'	:	Say Soon and Say Peng, collectively
'Proposed Listing'	:	Proposed listing of and quotation for our entire 268,113,100 Shares on the LEAP Market
'Proposed Placement'	:	Proposed issuance of the Placement Shares within the meaning of Section 230 of CMSA, at the Indicative Placement Price to selected Sophisticated Investors in conjunction with the Proposed Listing
'R&D'	:	Research and development
'QA'	:	Quality assurance
'SME'	:	Small and medium-sized enterprise
'Share(s)'	:	Ordinary share(s) in our Company
'Sophisticated Investor'	:	Any person who falls within any of the categories of investors set out in Part I of Schedule 7 of the CMSA
'USA' or 'US'	:	United States of America
'Vendors'	:	Being the previous shareholders, as detailed in **Part I: Section 3.2,** of ATSB who sold their shares to AHB pursuant to the Acquisition

Currencies, Units and Others

'%' or 'per cent'	:	per centum
'JPY'	:	Japanese Yen
'RM'	:	Ringgit Malaysia and sen, respectively
'USD'	:	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.

'barrel plating'	:	A process of placing the parts inside a barrel typically constructed of polypropylene. The barrel contains centre bars that conduct electrical current as it rotates slowly while being immersed in the electrolytic plating solution
'electrodeposition'	:	A process that uses electric current to reduce dissolved metal cations so that they form a thin coherent metal coating on an electrode
'electroplating'	:	The process of coating a metal object by electrodeposition with metal
'etching process'	:	The process of using strong acid to cut into the unprotected parts of a metal surface to create a design incised in the metal
'IC'	:	Integrated circuit, sometimes called a chip or microchip, is a semiconductor wafer on which tiny resistors, capacitors and transistors are fabricated
'ICP'	:	Inductively coupled plasma, is a type of plasma source in which the energy is supplied by electric currents which are produced by time-varying magnetic fields
'LED'	:	Light-emitting diode (LED) is a semiconductor device that emits visible light when electric current passes through it
'lead frames'	:	A thin layer of metal frame to which semiconductors are attached during the package assembly process. It is the metal structures inside a chip package that carry signals from tiny electrical terminals on the semiconductor surface to the large-scale circuitry on electrical devices and circuit boards
'MEMS'	:	Micro electromechanical systems, is the technology of microscopic devices, particularly those with moving parts
'MSL 1'	:	Moisture sensitivity level (MSL), an electronic standard for the time period in which a moisture sensitive device can be exposed to surrounding room conditions. The MSL rating of an IC determines its floor life before the board mounting once its dry bag has been opened. MSL 1 is the highest rating where it is considered as being not moisture sensitive even at 85% relative humidity (RH) and components rated MSL 1 do not require dry packing
'optocoupler'	:	Electronic device which is designed to transfer electrical signals by using light waves in order to provide coupling with electrical isolation between its input and output. It is used to prevent high or rapidly changing voltages on one side of the circuit from damaging components or distorting transmissions on the other side

GLOSSARY OF TECHNICAL TERMS *(Cont'd)*

'optoelectronics'	:	Electronic devices and systems that source, detect and control light which includes invisible forms of radiation such as gamma rays, X-rays, ultraviolet and infrared, in addition to visible light
'plating'	:	A surface covering in which a metal (e.g. gold, silver, copper and others) is deposited on a conductive surface
'thermoplastic'	:	A plastic material, a polymer, that becomes pliable or mouldable above a specific temperature and solidifies upon cooling
'RODI system'	:	Reverse osmosis deionized water system
'WWTP'	:	Waste water treatment plant

<u>Certifications</u>

ISO 9001	:	The international standard that specifies requirements for a quality management system
ISO 14001	:	The international standard that specifies requirements for an effective environmental management system
ISO/TS 16949	:	The internationally recognised quality management system specification for the automotive industry. It contains all of the requirement of ISO 9001 with several additional requirements specifically for the automotive industry

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PART I

INFORMATION ON OUR GROUP

PART I: INFORMATION ON OUR GROUP

1. OVERVIEW AND HISTORY OF OUR GROUP

1.1 Overview

Our Group provides electronic packaging and interconnect solutions for the global semiconductor and electronics industry. Through our subsidiaries, we manufacture lead frames for ICs, as well as other electronic packaging and interconnect components such as components for silicon microphones and MEMS.

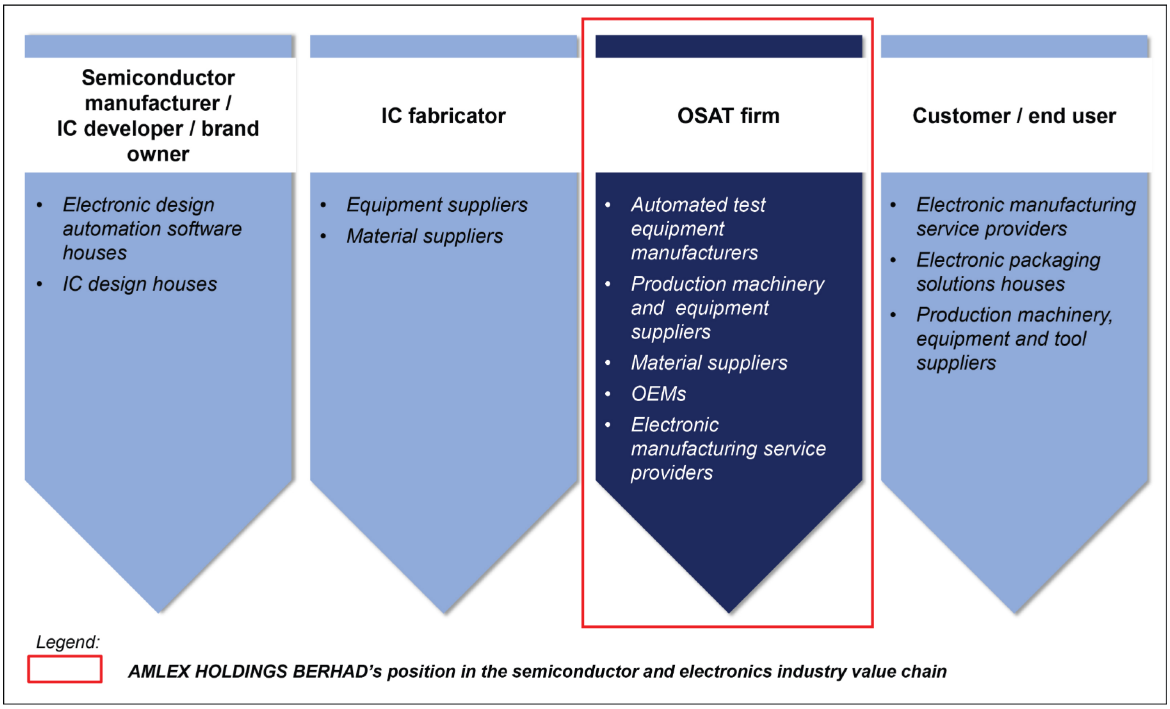
IC packaging is the material that encases a semiconductor device. The package is a case that surrounds the circuit material to protect it from corrosion or physical damage and to allow for mounting of the electrical contacts, thereby connecting it to the printed circuit board.

A lead frame is utilised in the semiconductor device assembly process and is essentially a thin layer of metal that connects the wiring from miniscule electrical terminals on the semiconductor surface to the large-scale circuitry on electrical devices and circuit boards.

Lead frames are used in most semiconductor packages. In brief, the IC packaging is produced by placing an IC chip on a lead frame, and wire bonding the IC chip to the metal leads of the lead frame, before encasing the IC chip with plastic. Typically, lead frames are produced in a long strip, which allows them to be processed using high precision stamping machines.

Cross section of an IC

In the semiconductor and electronics value chain, the provision of electronic packaging and interconnect solutions is a precision engineering process that occurs at the OSAT phase. Our Group thereby supports the global semiconductor and electronics industry, and our customers comprise OSAT houses as well as OEMs, the majority of which are MNCs in the semiconductor, consumer electronics, automotive, lighting, industrial electronics and medical industries.



Source: IMR by Providence

PART I: INFORMATION ON OUR GROUP

1.2 History

Our Group was founded in November 2004, with the incorporation of ATSB by Say Soon and Say Peng.

Prior to the founding of our Group, Say Soon was involved in the semiconductor industry where he was attached to Dynacraft Industries as a Process Engineer and promoted to Engineering and R&D Manager during his 12-year tenure in this company. He then joined CS Metal Industries (M) Sdn Bhd for a 3-year period as Plating Plant Manager. ATSB commenced operation in 2005, upon Say Soon joining our Group as Managing Director together with his brother, Say Peng.

We started our operations in 'reel-to-reel plating'. At that point in time, ATSB's reel-to-reel plating machine was designed and commissioned by our R&D and engineering teams. Over the years, we have expanded our plating operations by commissioning additional lines in tandem with the growth of our business, enhancing our capabilities and securing the pre-requisite quality certifications.

Our initial focus was on providing electroplating services of pre-stamped electrical connectors based on designs from our customers. In 2006, we started our in-house lead frame production line which incorporated the final/end processes (cut and down-set process) and the formation of the lead frame after the plating and stamping of the parts. In the period between 2006 and 2007, we developed capabilities in metal stamping when we invested in stamping machinery. In 2007, we incorporated our wholly-owned subsidiary, TESB, to undertake precision metal stamping activities. In 2015, we further expanded into the pre-moulding of lead frames. This expansion allowed us to a more complete solutions to our customers.

Today, our Group's products are being used in many electronic products ranging from LEDs, lighting displays and motion control sensors to navigational sensors for optical mice, optoelectronics devices such as optocouplers and semiconductor ICs. Our Group also provides plating services for parts used in smartphones.

1.3 Key milestones

Our Group's key achievements and milestones are summarised below:

Year	Milestones / Achievements/ Awards
End 2004	• Founding of our Group by Say Soon and Say Peng with the incorporation of ATSB
2005	• Set up our in-house R&D division, whereby the focus of our R&D activities was on designing and building our own 'reel-to-reel' plating line
	• Commenced operations in reel-to-reel plating
	• ATSB granted 'Pioneer Status' by MITI
	• ATSB obtained ISO 9001:2000, a certificate for a management system in respect of lead frame and piece part electroplating and backend process
2006	• Commissioned lead frame production line
	• Established pre-plated frame production process using nickel (Ni), palladium (Pd) and gold (Au)
	• Enhanced our lead-free plating capabilities using tin (Sn) / copper (Cu) and tin (Sn) / bismuth (Bi)
	• Obtained recognition for 'The Science of Product Innovation for developing high precision electroplating process using Solder Tin-Copper' by Small Medium Industries Development Corporation (now known as SME Corporation Malaysia) and Global Innovation Centre

Year	Milestones / Achievements/ Awards
2007	• Established TESB to carry out precision metal stamping activities
2008	• ATSB obtained ISO 14001:2004, a certification for environmental management systems for the provision of electroplating services
	• Commenced production of lead frames for LEDs, optoelectronic sensors and automotive sensors
2009	• ATSB obtained ISO/TS 16949:2002 (TUV Nord), a certification for quality management system in relation to electroplating process of lead frame without product design responsibility
	• TESB granted 'Pioneer Status' by MITI
2010	• Secured our Group's first Japanese MNC semiconductor customer
	• Received the FMM Excellence Award in 2010 – Rising Star of the Year Award
	• Received the Prestigious Award of Enterprise 50 (5th ranking) from SME Corp Malaysia and Deloitte Malaysia
2011	• Commissioned barrel plating line
	• TESB obtained ISO 9001:2008, a certificate for a management system in respect of lead frame, interconnector stamping service and insert moulding process
2013	• Commissioned a taping line for lead frames used in LED display products and incorporated bare copper clip stamping and cleaning processes
2015	• Commenced production of pre-moulded lead frames
2017	• Received 4-star rating for the SME Competitiveness Rating for Enhancement (SCORE) from SME Corporation Malaysia based on 7-assessment criteria, such as financial strength, business performance, human resource, technology acquisition and adoption, certification and market presence.

2. BUSINESS OVERVIEW

2.1 Principal activities

Our Group provides electronic packaging and interconnect solutions for the global semiconductor and electronics industry. Through our subsidiaries, we manufacture lead frames for ICs, as well as other electronic packaging and interconnect components. The lead frame is a thin layer of metal frame to which semiconductors are attached during the package assembly process.

Electronic packaging and interconnection solutions are technologies that relate to electrical interconnections and housing for electrical circuits. Essentially, this refers to the final stage in the semiconductor fabrication process in which tiny blocks of semiconducting materials are encapsulated in supporting cases.

Electronic packaging and interconnection is the underlying technology that drives the miniaturisation of semiconductors and electronics, allowing for the creation of compact and complex electronics that perform high speed applications.

The lead frames that we manufacture ensure interconnection of electrical signals, mechanical protection of circuits, distribution of electrical energy for circuit function, and dissipation of heat generated by electrical circuits.

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Our core activities for the manufacturing of lead frames are:

- precision metal stamping;
- surface finishing and treatment; and
- moulding.

By employing our services, our customers can concentrate on their core competencies such as research and product development, brand building, sales and marketing.

We support the global semiconductor and electronics industry. Our customers consist of OSAT houses as well as OEMs, the majority of which are MNCs in the semiconductor, consumer electronics, automotive, lighting, industrial electronics and medical industries.

Our Group's business model is illustrated below:

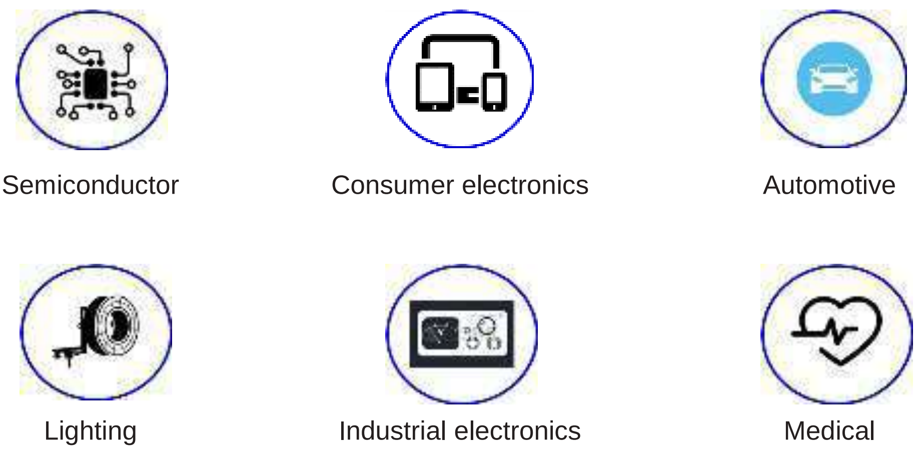
Our Group's core activities in manufacturing lead frames

Precision metal stamping | **Surface finishing and treatment** | **Moulding**

Application for our Group's lead frame products

- Semiconductors
- Computers
- Audio-visual equipment
- Mobile devices
- Electronic components
- Display and navigational devices

Key end user industries served by our Group



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We have 2 manufacturing facilities located in the Bukit Minyak Industrial Park, Penang, Malaysia.

Amlex Technology Sdn Bhd

No. 799, Lorong Perindustrian Bukit Minyak 7
Taman Perindustrian Bukit Minyak
14100 Simpang Ampat, Penang

Titan Entity Sdn Bhd

No. 18 & 20, Lorong Perindustrian Bukit Minyak 2
Taman Perindustrian Bukit Minyak
14100 Simpang Ampat, Penang

2.2 Core activities

(a) Precision metal stamping

Precision metal stamping production refers to the process of imprinting designs or shapes on a metal sheet or coil by the forceful pressing of a die against a metal sheet or coil through the up-and-down motion of a stamping press. The die determines the shape and size of the metal component and the stamping press provides the force needed to affect the process. Our lead frames are manufactured through stamping.

A die or mould

Our precision metal stamping machine

We have the capabilities of designing and fabricating the die and its components in house. As at the LPD, we have 19 stamping presses that are capable of producing 6.0 million units (pieces) of lead frames per each stamping presses, ie. 114.0 million units (pieces) per month[1].

(b) Surface finishing and treatment

Surface finishing and treatment is an engineering process performed to improve appearance and provide protection to the surface of metallic components and parts. The different methods of surface finishing and treatment include painting, heating, plating and spraying the surface of metallic components or parts to alter surface properties and

[1] Based on 1 unit per stroke

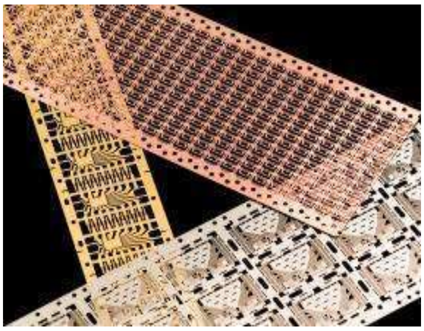
PART I: INFORMATION ON OUR GROUP

applying a layer of protective coating. We use passivation[2] and electrocleaning[3] as surface treatment methods to clean the surface of metals prior to electroplating process.

We are able to undertake electroplating by employing advanced electronic controls and masking technique which enhances the precision of surface finishing and treatment. This allows for better corrosion resistance, improved solderability and higher tarnish resistance on top of enhanced conductivity of components. Our capabilities in electroplating encompass the use of precious metals and elements such as gold, silver, nickel, palladium over base material such as, copper alloys, brass, phosphor bronze, mild steel and stainless steel used in semiconductor and electronic parts. We currently have the equipment/machinery to electroplate using the reel-to-reel plating and barrel plating methods; and in the near future the rack plating method.

(i) Our reel-to-reel plating method essentially electroplates parts which have been pre-stamped in reel form. This method is highly economical and is effective for plating materials that are flat or in the form of sheets.

As at the LPD, we have 4 reel-to-reel electroplating machinery, each with 3 lines, which are capable of plating different configurations to a rate of up to 30 million units (pieces) per month.



Semiconductor IC lead frames

Our reel-to-reel plating line

(ii) The barrel plating method, as its name implies, is basically the process of plating materials or parts within a slow rotating barrel-like case, typically built of polypropylene (plastics). While the reel-to-reel method is effective for sheet or flat materials, the barrel plating method is effective for plating mass volume of loose parts of various shapes and sizes.

Metal cans for silicon microphone

Our barrel plating line

[2] The use of a light coat of protective material to create a barrier against corrosion
[3] An electrochemical process similar to, but the reverse of, electroplating

As at the LPD, we have 2 barrel plating machinery with each machine, capable of plating different configurations to a rate of up to 50 million units (pieces) of metal cans per month.

(c) Moulding

Moulding is the process of shaping or moulding pliable raw materials using a rigid and hollow frame. We adopt the insert moulding process where a preformed metal insert or plastic part is encased in the component during the moulding stage or as a post moulding stage, with the aim of improving the strength of the moulded part or adding features to aid its functionality.

With insert moulding, a plastic part is formed or moulded directly over or around metal or plastic components, resulting in a single piece assembly. Insert moulding offers several benefits over the traditional injection moulding process, such as:

(i) the ability to produce smaller and lighter components;

(ii) the capability to create parts with improved functional or mechanical properties; and

(iii) increased product reliability – with every part tightly secured in thermoplastic, an insert moulded component prevents the loosening of parts, misalignment and improper termination of circuits. The thermoplastic resin also provides improved resistance to shock and vibration.

Further, we also undertake the design and fabrication of moulds, which are steel tools made up of many operating mechanisms and parts (i.e. the tooling inserts) that are assembled together.

Optoelectronic lead frames

Our moulding machinery

As at the LPD, we have 4 insert moulding machinery with each machines, capable of moulding different configurations to a rate of up to 1.25 million units (pieces) per month.

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2.3 Manufacturing capacity, production output and utilisation rate

Our current production capacity and utilisation are as depicted below:

		January – July 2018		
	No of machines	Production Capacity[1] ('000 units)	Production Output[2]	Utilisation rate [3] (%)
Stamping press machines	19	114,000	102,600	90
Reel-to-reel plating machines	4	120,000	108,000	90
Barrel plating machines	2	100,000	90,000	90
Moulding machines	4	1,250	-	0[4]

Notes:

(1) The monthly production capacity for stamping press machines and plating machines are calculated based on 2 shifts per day, 12 hours per shift, and 26 workings days per month; allowance is made for periodic change over and regular maintenance.

(2) The production output is based on the monthly average production for the period between January to July 2018.

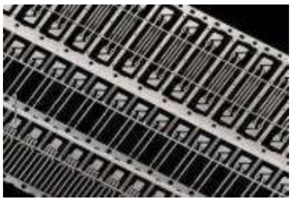
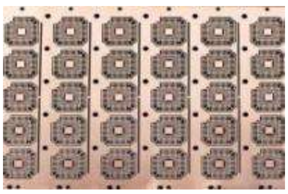
(3) The utlisation rate is calculated by dividing production output by the production capacity of the machines.

(4) As at LPD, our Group has yet to begin the mass production of the insert moulding process as we are currently in the product qualification stage with our customers.

Our Group intends to expand 1 additional reel-to-reel electroplating machine and 1 rack plating machine (new) in FYE 31 March 2019. The additional reel-to-reel plating machine will increase our reel plating capacity by 25%. Please refer to **Part I: Section 2.13.**

2.4 End-user applications

The lead frames that our Group manufactures are used in a range of electronic products. A selection of end user application for our Group's products are as depicted below:

End user segment	Our products	Device application
Consumer electronics	Motion control sensor lead frames 	• Printers • Scanners 
	IC lead frames 	• Computers • Laptops 

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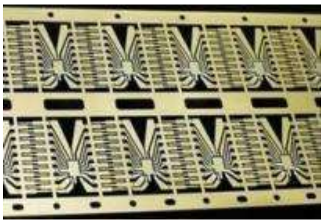
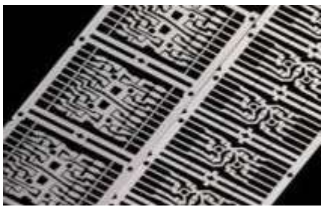
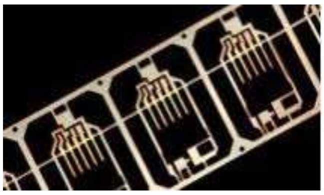
End user segment	Our products	Device application
	Optoelectronic lead frames 	• Navigational products such as laser mouse 
	Optoelectronic sensors 	• Remote control for entertainment systems 
	Metal cans for silicon microphones 	• Smartphones • Tablets 
Industrial electronics	Optoelectronic lead frames 	• LED display and lighting screens (e.g. in elevators) 
Lighting	Optoelectronic lead frames 	• LED lighting (e.g. in strobe lighting) 

End user segment	Our products	Device application
Automotive	Optoelectronic for automotive components 	• Headlight levelling and positioning sensors 

2.5 Quality control and assurance

Given the nature of our business and the clientele that we serve, the ability to consistently meet the quality requirements of our customers is vital for our business. To this end, we have established an internal quality control and assurance system to ensure consistency in the quality of the products we supply. Our facility is equipped with the necessary equipment and resources for our QA Department to perform stringent tests to enhance our product conformance and reliability. Our Group is committed to continuously and consistently provide the highest product quality and meeting the stringent standards set by our customers in order to maintain an edge over our competitors.

Our Group's commitment towards providing quality products to our customers is evidenced by our ISO certifications. These ISO certifications, which demonstrate quality and control standards, are typically prerequisite qualifying criteria of MNCs prior to qualifying and engaging vendors.

As at the LPD, we have obtained the following certification:

Certification	Scope	Year first acquired	Current validity period	Awarding party
ATSB				
ISO 9001:2008	Lead frame and piece part electroplating including backend process	2005	14 September 2018	TUV Nord
ISO 14001:2015	Lead frame and piece part electroplating including backend process	2008	17 April 2020	Business Systems Certification
ISO/TS 16949:2009	Electroplating process of lead frame	2009	10 September 2018	TUV Nord
TESB				
ISO 9001:2015	Provision of lead frame and interconnector stamping service and provision of insert moulding process	2011	13 July 2020	Business Systems Certification

We have invested in high specification testing equipment to assess the quality of our manufacturing processes and resulting lead frame products. To this end, our QA processes include:

Quality aspects	**Equipment / Processes**
Plating thickness (Measurement of Angstrom-levels)	• We utilise the X-ray fluorescence (XRF) equipment that has the capability to measure length / thickness up to Angstrom level (10^{-10} metre)
Plating brightness	• Densitometer to quantitatively measure the plating brightness
Solderability of component leads, terminals and wires	• Wetting balance testing equipment which provides quantitative measurement for solderability testing procedures to evaluate the solderability of components
Dimensions	• Toolmaker scope and profile projector for dimensional checking at micron level • Optical Gauging measurement equipment (OGP) for non-contact measurement. • This equipment also generates the Statistical Process Control (SPC) chart which is an industry-standard methodology for measuring and controlling quality during the manufacturing process. Quality data in the form of product or process measurements are obtained in real-time during manufacturing.
Concentration of metal elements	• Atomic Absorption Spectrometer (AAS) to measure the concentration of metal composition
Ultraviolet range	• Ultra Violet Spectrometer (UVS) to detect inorganic compounds
Functionality / defects & failure analysis	• Cross-section machine to conduct cross sectional analysis on our products and materials to accurately examine buried defects, contaminants, flaws and/or cracks which may cause failures in the functionality of our products i.e. failure analysis. • High power microscope for microscopic cross-sectioned visuals to complement the cross-section machine, where necessary.

Our Group will constantly update and where necessary, upgrade our capabilities in quality control and assurance aspects as we are committed towards manufacturing and service excellence.

2.6 Principal markets

Our principal customers are located in Malaysia, Philippines and Thailand. We have also supplied to customers located in the USA and Singapore. Details of our major customers are set out in **Part I: Section 2.8**. Our customers' end products include semiconductors, computers, audio-visual equipment, communication equipment, electronic components as well as display and navigation devices.

2.7 R&D / Continuous product development

Our Group's R&D processes are focused on enhancing our processes to meet the requirements of our customers. Over the years, we have developed processes to support our manufacturing activities and enhance the quality of the products that we manufacture. Our milestones in this area are as follows:

Timeline	R&D milestones
2005	• Designed, built and commissioned our first reel-to-reel plating production line
2006	• Developed high precision electroplating process using Solder Tin-Copper (SnCu)
2011	• Designed, built and commissioned our first barrel plating production line
2015	• Established our first pre-moulded lead frame production line
2017	• Conceptualised the design and prototyping of high brightness LED lead frames for automotive lighting

Recognising the rapid development of technological change in the semiconductor and electronics industry, our Group continuously seeks to develop our R&D capabilities so as to ensure that our manufacturing processes meet the evolving needs of our customers.

Our Group's R&D activities are usually initiated based on the requirements of our existing customers as well as the inquiries received from existing and prospective customers. Continuous R&D activities are also undertaken to enhance our existing plating processes with the objective of attaining production and operational efficiency targets.

Details of our R&D expenses for FYE 2017 and FYE 2018 are as follows:

	FYE 2017		FYE 2018	
	RM'000	[(1)]%	RM'000	[(1)]%
R&D expenses	730	2.2	775	2.0

Note:

(1) As a proportion of our revenue for the financial year.

As at LPD, the R&D projects that we are working on are as follows:

R&D projects	Target timeline
LED for automotive lighting, which involves the stamping on dual gauge copper material and develop new rack plating process and production line	By September 2018
Improvement of copper roughening process to enhance surface treatment	By December 2018
Enhance our optocoupler lead frame manufacturing capabilities where our manufacturing processes can be customised based on the specific requirements of our customers	By January 2019

We have allocated up to RM0.8 million from the proceeds of the Proposed Placement to complete the development of the abovementioned R&D efforts. Currently, such R&D efforts are funded through generated funds and equity capital injected by our existing shareholders/ promoters.

2.8 Major customers

For the FYE 2018, our customer base covered a variety of companies which operate internationally and have operations in Malaysia (69.4% of revenue), Singapore (1.8%), Philippines (16.20%), USA (0.4%) and Thailand (12.2%). Our customers are principally involved in the semiconductor, consumer electronics, automotive, lighting, industrial electronics and medical industries.

As at LPD, we have more than 22 customers, with 3 of these customers each contributing to more than 10% of the revenue of our Group for the FYE 2017 and FYE 2018. Details of the revenue contribution from our top 5 customers for FYE 2017 and FYE 2018 are as follows:

	Revenue contribution		
Customers	**FYE 2017 (%)**	**FYE 2018 (%)**	**Years of relationship**
Vishay Semiconductor Malaysia Sdn Bhd	20.5	23.0	8
Knowles Electronics (M) Sdn Bhd	19.7	20.0	8
Interplex Electronics Malaysia Sdn Bhd	14.7	14.4	7
Vishay (PHILS.) Inc	9.4	7.5	7
Optosem Technologies Sdn Bhd	6.3	7.0	10
Lite- On Electronics (Thailand) Co. Ltd	7.0	6.7	8

We have established business relationships with Vishay Semiconductor Malaysia Sdn Bhd, Knowles Electronics (M) Sdn Bhd, Interplex Electronics Malaysia Sdn Bhd, Vishay (PHILPS.) Inc, Optosem Technologies Sdn Bhd and Lite-On Electronics (Thailand) Co. Ltd as they have been our customers for the past 7 to 10 years.

As such, we have built a trusted and mutually beneficial relationship with our major customers, and this provides our Group with a platform for future growth.

As our lead frames are designed to meet the specifications of a wide range of MNC OSAT houses and OEMs in various industries, there are potential customers and an addressable market for our products that we have yet to explore.

Further, it should also be noted that the electronic and semiconductor industry comprises many semiconductor assembly and testing houses as well as OEMs, and as such our Group has diverse capabilities to meet the needs of potential customers. Thus, our Group believes that we are able to secure orders from other customers should we cease to receive orders from our existing major customers.

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2.9 Major suppliers

Details of materials procured from our top 5 suppliers for FYE 2017 and FYE 2018 are as follows:

Suppliers	Country	Purchases FYE 2017 (%)	Purchases FYE 2018 (%)	Types of Products/ Services
Wieland Metals Singapore Pte Ltd	Singapore	44.0	43.4	Raw blanks – Copper alloy
Circuit Image Sdn Bhd	Malaysia	33.5	31.5	Precious metals – gold and silver salts
Metalor Technologies Singapore Pte Ltd	Singapore	9.9	9.1	Precious metals and chemicals – gold, silver salts and plating chemicals
Atotech (Malaysia) Sdn Bhd	Malaysia	2.2	2.5	Plating chemical
Sonic Singapore Pte Ltd	Singapore	1.4	1.3	Taping materials for lead frame
Tec Brite Technology Co. Ltd	Taiwan	1.4	3.5	Prototyped etch lead frame for R&D

Wieland Metals Singapore Pte Ltd, Circuit Image Sdn Bhd, Metalor Technologies Pte Ltd, Atotech (Malaysia) Sdn Bhd, Sonic Singapore Pte Ltd and Tec Brite Technology Co. Ltd are suppliers of copper alloy, precious metal salts, plating chemicals, taping materials and etched lead frames which are widely available from local and international traders/suppliers. Hence, we are not dependent on any of our major suppliers as we can easily source from other suppliers.

With the exception of suppliers specified by our customers, we are able to source most of our supplies from our own approved list of suppliers, which reduces our dependency on our major suppliers.

Our Group adopts ISO certified standard and procedures in selecting suppliers. In selecting our suppliers, the key aspects considered by our Group include the ability of the supplier to provide materials that meet our required specifications, delivery lead-time, price and payment terms and the services provided. We strive to maintain good relationships with our suppliers to ensure minimal disruptions to our supply chain and operations.

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2.10 Major approvals, permits, intellectual properties and licenses

(a) Major approvals, permits, intellectual properties 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 pertaining to the general business requirements. As at the LPD, details of our general business licences are as follows:

No.	Issuing Authority	Licences/ certification/ reference No.	Date of issue/ renewal	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
ATSB							
1	Majlis Perbandaran Seberang Perai ("MPSP")	License No: 04/17/14929	13 December 2017	20 January 2019	Business license for electroplating	N/A	Complied
2	MPSP	MPSP/80/10-10/1 Bah. 8	15 December 2017	No date of expiry	Approval Letter issued by MPSP confirming the address of the premises known as Plot 13B is also known as PMT 799	N/A	Complied
3	MITI	License No: A019099 Serial No: A032323	9 April 2013	No date of expiry	Manufacturing license for electroplating	(i) Place: No. 799, Lorong Perindustrian Bukit Minyak 7, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang subject to the approval from the relevant State Authority and the Department of Environment (ii) The company shall notify MITI and MIDA for any sale of shares in the company. (iii) The company shall provide training to Malaysians in order to have the technology transfer and skill will be channelled to all levels of designation.	Complied

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No.	Issuing Authority	Licences/ certification/ reference No.	Date of issue/ renewal	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
4	Royal Malaysian Customs Department	License No: P78G6-200700000-096	5 May 2017	30 April 2019	Warehouse manufacturing license for electroplated terminal for connector/ stamp Parts & lead frame/ electroplated raw blank/ plated cup and moulded lead frame	The conditions in the warehouse manufacturing license are as follows: (i) No dutiable goods other than raw materials / components and machinery used directly in manufacturing, and manufactured goods which have been approved by the State Director of Customs may be stored in the licensed manufacturing warehouse. (ii) Manufacturing in and out of dutiable goods and manufactured goods shall be allowed at any time on any day according to the needs of the licensee. (iii) A copy of every plan approved by the State Director of Customs shall be displayed at a prominent place.	Complied
5	Royal Malaysian Customs Department	License No: P78G6-200700000-096	5 May 2017	30 April 2019	Warehouse license for electroplated terminal for connector / electroplated stamp parts & lead frame / electroplated raw blank / plated cup and moulded lead frame	(iv) Changes to the structure of buildings and equipment in the licensed premises are not permitted except with the written approval of the State Director of Customs. (v) Finished goods manufactured in Licensed Manufacturing Warehouse are to be kept separate from raw materials/ components or manufacturing waste. (vi) At least 80% of the finished product (by value) are to be exported, and not exceeding 20% of the finished products can be sold in the local market as approved. Goods sold in domestic market are subject to any prevailing duties/ tax at the time. (vii) Disposal of waste including manufacturing waste is subject to the written approval of the State Director of Customs. (x) This licence can be revoked at any time in the event of breach of conditions under the Customs Act 1967 or the Regulations thereunder.	Complied

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No.	Issuing Authority	Licences/ certification/ reference No.	Date of issue/ renewal	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
6	AELB, Director General of Health	License No: LPTA/A/1107	18 April 2018	17 April 2021	Atomic license (Class C) to operate XRF equipment	The conditions in the atomic license are as follows: (i) Responsible Person (OBTL) Name: Khoo Beng Leng Position: Plant Manager (ii) Dealing with AELB The license holder shall ensure that only OBTL, PPS (Pegawai Perlindungan Sinaran) or PY (Penyelia) only shall be dealing with AELB. (iii) The license holder shall comply and implement the radiation protection program approved by OBTL and adopted by AELB. The license holder shall comply and implement the radiological and nuclear emergency plans adopted by AELB. (iv) The license holder shall display the license near to the equipment for inspection at any time. (v) AELB shall have the right to withdraw or revoke the license at any time without any notice in the event that the license holder fails to comply the Atomic Energy Licensing Act 1984, its subsidiary legislations and the conditions.	Complied
7	Department of Health, Penang	Registration No: PB0213/2018	26 January 2018	31 December 2018	Wholesaler's poisons license (Type B License) for the import, store and sell by wholesale	License is granted to Norazmawati Binti Lahazan (NRIC No: 770909-08-7074) to import, store and sell by wholesale the following poisons:- (i) Arsenic, its organic and inorganic compounds (Group D) only; (ii) Hydrochloric acid (9% and over as HCl); (iii) Hydrofluoric acid; (iv) Hydrogen cyanides, metal cyanides other than ferrocyanides and ferricyanides; (v) Lead acetate, compounds of lead with acids from fixed oils; (vi) Nitric acid (9% w/w and over); (vii) Potassium hydroxide (12% and over); (viii) Sodium hydroxide (12% and over) (Part II only); (ix) Sulphuric acid (9% w/w and over).	Complied

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No.	Issuing Authority	Licences/ certification/ reference No.	Date of issue/ renewal	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
8	Department of Environment, Penang	n/a	12 February 2008	No expiry date	Approval to construct Industrial effluent treatment system	As required by rule 4, Environmental Quality (Sewage And Industrial Effluents) Regulations 1979, this Department issued written approval to construct the effluent system / treatment plant at the No. 799, Lorong Perindustrian Bukit Minyak 7, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang in accordance with the terms stated therein in respect of the treatment concept, the construction stages, the operation stage and the administration.	Complied
9	Department of Environment, Penang	n/a	6 October 2008	No expiry date	Approval to carry out electroplating activities	(i) The permitted business activity at the abovementioned site is for electroplating activity only. (ii) Air pollution control devices such as scrubber, dust collector, spray booth and others shall be installed on the process part that results in air pollution. The installation of these control devices shall first obtain approval of this Department before commencement. (iii) Any discharge of gas and impurities into open air shall comply with the standards prescribed under Environmental Quality (Clean Air) Regulations 1978 - P.U.(A) 280/78. Installation of a chimney for the purpose of emission of air impurities from the process shall first obtain the written approval of this Department. (iv) Installation of fuel burning equipment such as boiler, generator, burner, furnace and others shall first obtain the Written Approval of this Department. (v) Open burning of trade wastes is strictly prohibited. Wastes that are not included in the category of scheduled wastes (non-toxic waste) shall be disposed of at the landfill approved by Seberang Perai Municipal Council (MPSP). (vi) Any expansion and increment of factory capacity or exchange process is not permitted unless the prior approval of this Department is obtained.	Complied

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No.	Issuing Authority	Licences/ certification/ reference No.	Date of issue/ renewal	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
						(vii) Discharge of effluents from degreasing, rinsing and other processes using water shall be treated first before being discharged into inland waters. Discharge of effluents shall comply with Standard B, Third Schedule of the Environmental Quality (Sewage and Industrial Effluents) Regulations 1979. Construction of effluent treatment plant shall first obtain written approval of Department of Environment and construct before factory is operated. (viii) Management and control of schedule waste (toxic waste) shall comply with the conditions of the Environmental Quality (Scheduled Wastes) Regulations 2005 (ix) The manufacturer shall designate a qualified person to take responsible of the environment matters at the factory premises.	
10	Department of Environment, Penang	n/a	12 August 2008	No expiry date	Approval to construct air pollution control system, scrubber and chimney	The Conditions attached to the approval are as follows: As required by the rule 38, the Environmental Quality (Clean Air) Regulations 1978, and subject to any written rules, laws and confirmation. This Department issued the approval to erect/ install/ resite or alter chimney of the scrubber system at No. 799, Lorong Perindustrian Bukit Minyak 7, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang in accordance with the terms stated therein in respect of specification of the air pollution control system, chimney, construction stage, operation stage and administration. Any changes to the air pollution control system shall be carried out with prior written consent from Ketua Pengarah Alam Sekeliling. The approval may be withdrawn or revoked in the event of any fitting of the air pollution control system is not in compliance with the approved drawing or plan.	

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No.	Issuing Authority	Licences/ certification/ reference No.	Date of issue/ renewal	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
TESB							
1	Majlis Perbandaran Seberang Perai (MPSP)	License No. 04/17/12182	14 September 2017	16 September 2018	Business License for lead frame, stamping, moulding	N/A	Complied
2	MITI	License No: A019625 Serial No: A033244	7 April 2014	No expiry date	Manufacturing License for lead frames	The Conditions which are attached to the MITI license are as follows:- (i) Place: No. 18 & 20 Lorong Perindustrian Bukit Minyak 2, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang subject to the approval from the relevant State Authority and the Department of Environment (ii) The company shall notify MITI and MIDA for any sale of shares in the company. (iii) The company shall provide training to the Malaysian people in order to have the technology transfer and skill will be channelled to all levels of designation. (iv) This company is to carry out its project in accordance with approval given subject to the abovesaid conditions and in accordance with the laws and regulations of Malaysia.	Complied
3	MITI	License No: A019625 Serial No: A033776	5 December 2014	No expiry date	Manufacturing license for moulded lead frame for MEMS & Optoelectronic sensors		Complied
4	Royal Malaysian Customs Department	License No: P78G6-201000000-026A	15 September 2017	30 September 2018	Warehouse manufacturing license for stamped part & moulded part	The conditions in the warehouse license are as follows: (i) License and LMW Plan approved by the State Director of Customs shall be displayed at a prominent place on the premise. (ii) No dutiable goods other than raw materials/components and machinery used directly in manufacturing and manufactured goods which have been approved by the State Director of Customs may be stored in the Licensed Manufacturing Warehouse. (iii) A copy of every plan approved by the State Director of Customs shall be displayed at a prominent place on the premise after the premise has been licensed.	Complied
5	Royal Malaysian Customs Department	License No: P78G6-201000000-026	15 September 2017	30 September 2018	Warehouse license for stamped part & moulded parts		Complied

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No.	Issuing Authority	Licences/ certification/ reference No.	Date of issue/ renewal	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
						(iv) Changes to the structure of buildings and equipment in the licensed premises are not permitted except with the written approval of the State Director of Customs. (v) At least 80% finished products (by value) are to be exported and not exceeding 20% of the finished products can be sold in the local market as approved. Goods sold in domestic market are subject to any prevailing duties/tax at the time. (vi) Disposal of waste including manufacturing waste is subject to the written approval of the State Director of Customs. (vii) This license can be revoked at any time in the event of breach of conditions, under the Customs Act 1967 or Regulations thereunder. (viii) All duty/tax involved on the balance of raw materials, components and finished goods are payable (if any) before cancellation of license due to breach of conditions or company apply to cease operations. (ix) Breach of any conditions of the licensing are an offense which could be compounded under the Customs Act 1967 and the Customs Regulations 1977. (x) Only one entity is allowed to operate within the premises of GPB. Any partnership with another entity within the same area is not allowed.	

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PART I: INFORMATION ON OUR GROUP

(b) Intellectual properties

(i) Trademark

As at LPD, our Group does not have any registered trademark/ intellectual property. We have applied for the following trademark which is currently pending approval;

No.	Trademark	Applicant	Issuing authority / Application no.	Class(1)	Date of application	Status of Registration
(i)		ATSB	MyIPO/ 2018062584	40; custom fabricating, making or manufacturing of goods or materials for others	4 July 2018	Pending

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2.11 Principal place of business

As at LPD, our Group owns 2 principal places of business/properties, the details of which are as set out below:

Owner	Title Details	Postal Address	Description of property/ Existing use/ Expiry of lease/ Category of land use	Land area/ Built-up area	Audited NBV as at 31 March 2018	Date of issuance of certificate of fitness for occupation	Encumbrances
				square metres	RM'000		
ATSB	HSD 13448, Lot PT 196, Mukim 13, Seberang Perai Tengah, Pulau Pinang	799, Lorong Perindustrian Bukit Minyak 7, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang.	One storey factory building plus three storeys office building/ Utilised as AHB Corporate Office and manufacturing plant for electroplating/ Leasehold expiry on 14 February 2056 (38 years) / Industrial	4,048.9 / 2,510	5,987	11 December 2001	Charged to CIMB Bank Berhad
ATSB	PN 8899 and 8900, Lot 3213 and 3214, Mukim 13, Seberang Perai Tengah, Pulau Pinang	18 and 20 Lorong Perindustrian Bukit Minyak 2, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang.	2 units of one storey semi-detached factory / Utilised as TESB's office as tenant, manufacturing plant for stamping and moulding processes / Leasehold expiry on 10 October 2055 (37 years) / Industrial	2,887/ 1,711	4,490	23 December 1998	Charged to Malayan Banking Berhad

As at the LPD, our Directors are not aware of any breach of land use condition or permissible land use.

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2.12 Competitive strengths

Our Group's competitive strengths include the following:

(a) Skilled and experienced team

Our Group is led by Say Soon and his brother Say Peng, both of whom have vast and relevant industry experience. Say Soon, in particular, is a chemical engineer and has spent 12 years working in Dynacraft Industries, a lead frame manufacturer that provides semiconductor lead frame and semiconductor materials support to IC assembly plants in the Asia Pacific region, prior to founding our Group in 2004 and has been developing the business of our Group since then.

Our management team is supported by a total of 156 employees (as at the LPD) of which 34 employees possess academic qualifications in science and engineering. From our 156 employees, 27% of our employees have been with our Group for at least 5 years, and they are well versed in various aspects of our business, ranging from precision stamping, surface finishing and moulding to tool designs and R&D.

(b) Well-established customer relationships backed by track record of quality and timely services

We believe in establishing and nurturing long-term business relationships with our customers. By doing so, we believe we can have their sustained support in terms of sales demand. We have, over the past 14 years, successfully developed and maintained good long-term business relationships with many of our customers.

Our long-term business relationships with our customers are classified as follows:-

Duration of business relationship (years)	Percentage of customers (%)
0 – 5	47.8
6 – 10	47.8
> 11	4.4
Total	**100.0**

Our customers are largely MNCs that consist of OSAT houses as well as OEMs, the majority of which are MNCs in the semiconductor, consumer electronics, automotive, lighting, industrial electronics and medical industries. As such, these MNCs impose rigorous tests, pre-requisites, certification and qualifications on their suppliers.

In view of the rigorous tests, pre-requisites, certification and qualifications required to be completed by suppliers of products within the semiconductor and electronics industries, our Group's key customers typically only engage suppliers who are already within their approved vendors list and have complied with such requirements.

While the criteria may vary based on the respective operating and procurement policies of these MNCs, there are generally 3 stages of assessment for qualification as an 'approved vendor', details of which are as follows:

(1) meeting the standards certification requirements, e.g. in our case, having obtained ISO 9001, ISO 14001 and TS 16949;

(2) meeting adequate standards of processing, customisation of product offerings where this typically involves onsite visit to vendor's premise; and

(3) meeting product reliability and functionality tests.

As our Group has already obtained various certifications and qualifications which meet our customer's standards, there is a higher chance in securing recurring contracts and projects from the same customers due to the difficulty in sourcing for suppliers of a similar calibre.

We believe that we have the ability to earn and sustain the trust and confidence of our customers mainly due to our reliability in providing quality products at reasonable prices on a timely basis.

(c) Continuous improvement and R&D capabilities

Our in-house R&D division was set up in 2005, whereby the focus of our R&D activities was on designing and building our own reel-to-reel plating line. In 2006, our R&D activities were recognised by the Small Medium Industries Development Corporations and Global Innovation Centre for developing a high precision electroplating process using Solder Tin-Copper (SnCu).

As a result of our R&D initiatives, we have improved our capabilities in manufacturing lead frames over the years which have enabled us to continuously secured orders from MNCs. In addition, through our R&D efforts, we have succeeded in improving our manufacturing processes, thus reducing manufacturing cost and time. Our success in retaining existing MNCs as customers as well as securing new customers is largely driven by the capabilities and expertise of our R&D team.

To remain competitive, we endeavour to keep pace with technological innovation and advances in our business activities. The ability to keep abreast of and implement technological innovation and advances is critical as the majority of our customers are players in the semiconductor, consumer electronics, automotive, lighting, industrial electronics and medical industries which are characterised by rapid technological changes.

As at the LPD, we have 6 personnel in our R&D division who focus on, amongst others, developing new plating processes, plating machinery and tooling design, process improvement, and technology adoption. Please refer **Part I: Section 2.7** for further details on our R&D initiatives and expenditure.

2.13 Future plans and business strategy

We aim to establish ourselves as an electronic packaging and interconnect solution provider that manufactures lead frames for ICs, as well as other electronic packaging and interconnect components. The lead frames that we manufacture are used in the semiconductor, consumer electronics, automotive, lighting, industrial electronics and medical industries.

To achieve this, our Group is continuously looking for opportunities to:

- broaden our range of product and services and electroplating capabilities;
- increase our production capacities; and
- enhance (provide higher value-add) our products.

(a) Broadening our range of product and services and electroplating capabilities to serve the automotive industry

In 2017, we embarked on an R&D initiative to develop production capabilities in optoelectronic lead frames for application in LED lighting and daytime running lights for the automotive industry. Our R&D efforts in this area have led to the design and development of processes and quality control systems for metal stamping as well as surface finishing and treatment services to meet the needs of the automotive industry.

We believe that the demand for automotive lighting products will be positive given the regulations requiring the installation of daytime running lights for new passenger and commercial vehicles in the European Union, United Kingdom and Canada.

The lead frames for automotive LED lighting and day time running lights are complex, fragile and relatively larger (as compared to parts for electronic products) and may require full, partial or selecting plating. Electroplating lead frames with such features can only be done using the rack plating method.

We intend to allocate approximately RM0.30 million to build a new in-house designed rack plating machine that is estimated to have a plating capacity of 0.4 million units (pieces) per month. We have started installing the new plating line by drawing down bank borrowings while awaiting the proceeds from the Proposed Placement. We target to have the line fully installed by September 2018, and mass production to commence in October 2018.

The new rack plating line will equip our Group with the capabilities to plate piece part lead frames, using nickel and gold, for the high reflectivity LED lightings used in the automotive industry.

(b) Increasing production capacity through investments in new equipment and facility upgrade

In addition to the new rack-plating line as described above, which will complete the range of our plating capabilities, we intend to invest approximately RM0.9 million from the placement proceeds to purchase ancillary equipment and upgrade our facility. Details of our purchase and planned upgrades for our facility are as follow:

Details	Capabilities / Purpose
Equipment purchases	
Optical gauging measurement equipment (OGP)	To improve our quality control efforts, specifically for non-contact visual imaging and measurement
Inductive coupled plasma (ICP) mass spectrometer	To improve our quality control efforts, specifically for detecting and quantifying metals and non-metal concentrations
Facility upgrades	
WWTP upgrade	To increase capacity to treat acids, heavy metals and cyanides prior to discharge from our facility, in line with our capacity expansion and also in compliance with regulatory requirements.
RODI system	To increase the volume of deionized water in order to meet and support our increased production output and machinery requirements. High purity deionized water is required to prevent metallic contamination of chemical plating baths
Additional air compressor	To increase compressed air volume for the purposes of blow drying and eliminating chemical carry. This is to match the planned increase in production output
Utility upgrade	To increase the electricity supply at TESB to cater for increase in stamping production output

In addition to the above, we will invest approximately RM2.0 million to build an additional reel-to-reel electroplating machine. This increases our reel-to-reel electroplating capacity by 25%.

This additional capacity will enable us to further increase the production of lead frames for optocouplers, which is used in a wide range of electronic products such as audio-visual equipment, smoke and flame detectors, infrared remote controls, smart metres, data transmission devices, ambient light sensors, solar and wind insulated-gate bipolar transistor drivers, motion control sensors, proximity sensors and safety guards in industrial automation.

We plan to purchase and fully install the reel-to-reel electroplating machine at our factory by December 2018, with mass production estimated to commence by January 2019.

(c) Enhancing our products by incorporating copper roughening treatment in our surface finishing and treatment process

We intend to invest in equipment and processes to incorporate copper roughening treatment into our production processes, at the final stage of surface finishing and treatment.

The copper roughening treatment is a process of changing or roughening the surface of a copper material (i.e. copper which have been electroplated to a material) to allow greater adhesion, between the surface of a copper material and the moulding compound (e.g. resins/plastics).

The copper roughening process is important in producing lead frames and semiconductor components that requires high MSL compliance (the highest being MSL 1). MSL is an electronic standard for the time period in which a moisture sensitive device can be exposed to immediate surrounding room conditions (e.g. MSL 3 components can be exposed for 1 week, MSL 2 for a year, while MSL 1 can be exposed for unlimited time (i.e. being not sensitive to moisture)). Generally, an electronic component that has higher MSL product is considered to be more reliable.

MSL 1 compliant products are of higher value and are expected to command better pricing and generate better margins for our Group. We will market our copper roughening treatment/services to our existing customers, and subsequently to new customers.

The incorporation of the copper roughening treatment is an add-on process to our existing production process. It will not require intensive capital expenditure and we intend to fund the equipment required for this process enhancement using internally generated funds. We expect to put the copper roughening treatment process in place by Quarter 3 2018.

2.14 Prospects of our Group

Our Group provides electronic packaging and interconnect solutions for the global semiconductor and electronics industry. Through our subsidiaries, we manufacture lead frames for ICs, as well as other electronic packaging and interconnect components.

For the FYE 2018, our Group secured revenue of RM39.3 million. Based on our Group's revenue relative to the revenues of other lead frame manufacturers in Malaysia, our Group secured a market share of 3.1%. Given our relative size, we believe that there are ample room for growth as long as we maintain our quality and consistency of our production standards.

Barring any unforeseen circumstances, our Directors are optimistic on the prospects of our Group, backed by the robust growth seen in the industries that the end users of our products are in.

A brief overview of our industry is as follows:

The global market for electronic products, based on worldwide production of electronic products, increased from RM5.7 trillion (JPY148.4 trillion) in 2011 to an estimated RM7.6 trillion (JPY197.6 trillion) in 2017, registering a CAGR of 4.9%. From the total worldwide electrical and electronic product sales in 2017, communication equipment, computers and information terminals and semiconductors collectively comprised a significant portion, at an estimated 68.5%. Electronic components, audio-visual equipment and display devices comprised an estimated 24.9%, while other electronic equipment comprised the remaining estimated 6.6%.

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Global production of electronic products is forecast to reach RM7.8 trillion (JPY202.5 trillion) in 2018. Growth of the global electronics and semiconductor industry is expected to be driven by the wide range of applications for electronics across multiple end-user industries, the convergence of electronics into consumer lifestyles, rapid technological advancements, and increasing global income levels.

Mobile and wireless devices, which comprise mobile feature phones, smartphones and tablets, have become a necessity as a means of communication and connectivity, particularly in urban areas. The penetration of mobile phones reached 103.5% of the global population, while smartphones had an estimated 30.9% penetration rate in 2017. While mobile cellular subscriptions illustrated a healthy growth of 31.4% in a span of seven years between 2011 and 2017, active mobile broadband (which enables the use of smartphones and tablets) grew 8 times faster with a growth of 256.6% during the same time period, from 1.2 billion subscriptions in 2011 to an estimated 4.2 billion subscriptions in 2017 and thus, much of the growth of the consumer electronics industry is expected to be driven by the rapidly increasing uptake of smartphones and tablets.

Moving forward, it is expected that the number of electronic products which are integrated with the lifestyle of today's society will only increase further. Rapid technological developments within the electronics industry will continue to promote new product launches as industry players (i.e. manufacturers and/or brand owners) continuously launch new products to ensure they remain competitive and are not obsolete. The electronics industry has seen developments in terms of performance, size and technology of various products. Consumers are receptive to new product innovations, resulting in relatively shorter product lifecycles for most electronic products, and especially consumer electronics. As a result, new and enhanced versions of products are constantly introduced to the market, and these new introductions have been the key driving factor for electronics sales.

Continued global economic growth and GDP per capita, particularly in developing regions, creates growth potential for the consumer electronics industry moving forward, which would ultimately benefit industry players that are involved in the consumer electronics manufacturing value chain.

The electronic packaging and interconnect solutions industry in Malaysia, specific to the manufacture of lead frames, grew from RM2.0 billion in 2010 to RM2.6 billion in 2016 at a CAGR of 3.9%. The electronic packaging and interconnect solutions industry in Malaysia is projected to grow from RM2.6 billion in 2016 to RM3.0 billion in 2021 at a rate of 3.3% on the back of the global E&E industry.

(Source: **Part IV: Independent Market Research Report** of this Information Memorandum)

Notwithstanding the above, investors should take note of the risk factors relating to our Group as set out in **Part III: Risk Factors** of this Information Memorandum.

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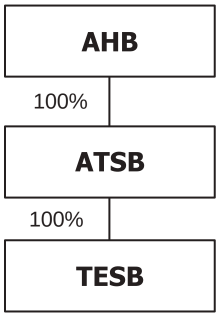
3. GENERAL INFORMATION ON OUR GROUP

3.1 Group structure

On 25 July 2018, we completed our internal reorganisation wherein our Promoters and other existing shareholders sold their entire shareholdings in ATSB to AHB. On 31 July 2018, we have converted into a public company limited by shares and adopted the name AHB.

AHB is an investment holding company. As at LPD, AHB has 2 subsidiaries, namely ATSB and TESB (through ATSB). Through our subsidiaries, we manufacture lead frames for ICs, as well as other electronic packaging and interconnect components.

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:



The details of companies in our Group are summarised as follows:

Name of company (Company no.)	Date / Country of incorporation	Date of commencement of business	Principal activities
Amlex Holdings Berhad (1272796-A)	19 March 2018/ Malaysia	4 June 2018	Investment holding
Amlex Technology Sdn Bhd (671870-W)	6 November 2004 / Malaysia	17 June 2005	Engaged in the business of electroplating, assembly of semiconductor and electronic products
Titan Entity Sdn Bhd (763184-H)	16 February 2007/ Malaysia	31 October 2007	Manufacturing of lead frame

Our share capital as at LPD is RM22,789,610 comprising 227,896,100 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
19 March 2018	2	Cash	2
23 May 2018	18	Share split	2
4 June 2018	227,896,080	Issued pursuant to the Acquisition	22,789,610

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 RM28,822,160 comprising 268,113,100 Shares.

3.2 Details of the Acquisition

In preparation for our Proposed Listing, we have undertaken the Acquisition. On 4 June 2018, we entered into a conditional share sale agreement with the Vendors to acquire the entire equity interest in ATSB comprising 9,100,000 ordinary shares for a total purchase consideration of RM22,789,608. The purchase consideration for the Acquisition of ATSB was satisfied by the issuance of 227,896,080 new Shares to the Vendors at an issue price of RM0.10 each.

The details of the ATSB Vendors and the number of Shares issued to them pursuant to the Acquisition are as follows:

ATSB Vendors	No. of ATSB shares acquired	% of share capital in ATSB	Purchase consideration RM	No. of Shares issued
Say Soon	3,154,205	34.66	7,899,298	78,992,980
Say Peng	2,213,349	24.32	5,543,000	55,430,000
Tan Beng Teik	546,000	6.00	1,367,370	13,673,700
Tan Cheik Eaik	546,000	6.00	1,367,370	13,673,700
Golden Fresh Sdn Bhd	364,000	4.00	911,580	9,115,800
Lim Chin Ming	364,000	4.00	911,580	9,115,800
Goh Huck Sun	364,000	4.00	911,580	9,115,800
Ow Hang Sen	364,000	4.00	911,580	9,115,800
Yap Wing Chun	364,000	4.00	911,580	9,115,800
Soon Hin	364,000	4.00	911,580	9,115,800
Medispec (M) Sdn Bhd	364,000	4.00	911,580	9,115,800
Tan Hooi Sien	92,446	1.02	231,510	2,315,100
Total	**9,100,000**	**100.00**	**22,789,608**	**227,896,080**

The Acquisition was completed on 25 July 2018.Thereafter, ATSB became our wholly-owned subsidiary.

The total purchase consideration of RM22,789,608 for the Acquisition of ATSB was arrived based on a 'willing-buyer-willing seller' basis after taking into consideration the audited NA of ATSB as at 31 March 2018 of RM22,789,610.

The new Shares issued pursuant to the Acquisition 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.

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3.3 Shareholding structure

The Company's shareholding structure, before and after the Proposed Placement is as follows:

Before the Proposed Placement

	Direct		Indirect	
Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Promoters				
Say Soon	78,993,000	34.66	-	-
Say Peng	55,430,000	24.32	-	-
Pre-IPO Investors				
Tan Beng Teik	13,673,700	6.00	-	-
Tan Cheik Eaik	13,673,700	6.00	-	-
Golden Fresh Sdn Bhd	9,115,800	4.00	-	-
Lim Chin Ming	9,115,800	4.00	-	-
Goh Huck Sun	9,115,800	4.00	-	-
Ow Hang Sen	9,115,800	4.00	-	-
Yap Wing Chun	9,115,800	4.00	-	-
Soon Hin	9,115,800	4.00	-	-
Medispec (M) Sdn Bhd	9,115,800	4.00	-	-
Tan Hooi Sien	2,315,100	1.02	-	-
Butterworth Icework Sdn Bhd	-	-	9,115,800(1)	4.00
Heng Thin Fook	-	-	9,115,800(2)	4.00
Teng Beng Lee	-	-	9,115,800(3)	4.00
	227,896,100	**100.00**		

Notes:

(1) Deemed interest by virtue of its shareholdings in Golden Fresh Sdn Bhd pursuant to Section 8(4)(a) of the Act

(2) Deemed interest by virtue of his shareholdings in Medispec (M) Sdn Bhd pursuant to Section 8(4)(a) of the Act

(3) Deemed interest by virtue of his shareholdings in Medispec (M) Sdn Bhd pursuant to Section 8(4)(a) of the Act

After the Proposed Placement

	Direct		Indirect	
Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Promoters				
Say Soon	78,993,000	29.46	-	-
Say Peng	55,430,000	20.67	-	-
Pre-IPO Investors				
Tan Beng Teik	13,673,700	5.10	-	-
Tan Cheik Eaik	13,673,700	5.10	-	-
Golden Fresh Sdn Bhd	9,115,800	3.40	-	-
Lim Chin Ming	9,115,800	3.40	-	-
Goh Huck Sun	9,115,800	3.40	-	-
Ow Hang Sen	9,115,800	3.40	-	-
Yap Wing Chun	9,115,800	3.40	-	-
Soon Hin	9,115,800	3.40	-	-
Medispec (M) Sdn Bhd	9,115,800	3.40	-	-
Tan Hooi Sien	2,315,100	0.87	-	-
Butterworth Icework Sdn Bhd	-	-	9,115,800(1)	3.40
Heng Thin Fook	-	-	9,115,800(2)	3.40
Teng Beng Lee	-	-	9,115,800(3)	3.40
Placees	40,217,000	15.00		
	268,113,100	**100.00**		

Notes:

(1) Deemed interest by virtue of his shareholdings in Golden Fresh Sdn Bhd pursuant to Section 8(4)(a) of the Act

(2) Deemed interest by virtue of his shareholdings in Medispec (M) Sdn Bhd pursuant to Section 8(4)(a) of the Act

(3) Deemed interest by virtue of his shareholdings in Medispec (M) Sdn Bhd pursuant to Section 8(4)(a) of the Act

3.4 Cost of investments

Details of the cost of investments of our shareholders are as follows:

Shareholders	Cost of investment[1]	Date	No. of Shares (as at LPD)	% [2]
	RM			
Promoters				
Say Soon	3,154,205	23 November 2004 – 23 November 2017	78,993,000	34.66
Say Peng	2,213,349	23 November 2004 – 23 November 2017	55,430,000	24.32
Pre-IPO Investors				
Tan Beng Teik	546,000	30 March 2006 – 23 November 2017	13,673,700	6.00
Tan Cheik Eaik	546,000	30 March 2006 – 23 November 2017	13,673,700	6.00
Golden Fresh Sdn Bhd	364,000	30 March 2006 – 23 November 2017	9,115,800	4.00
Lim Chin Ming	364,000	30 March 2006 – 23 November 2017	9,115,800	4.00
Goh Huck Sun	364,000	30 March 2006 – 23 November 2017	9,115,800	4.00
Ow Hang Sen	364,000	30 March 2006 – 23 November 2017	9,115,800	4.00
Yap Wing Chun	364,000	30 March 2006 – 23 November 2017	9,115,800	4.00
Soon Hin	364,000	30 March 2006 – 23 November 2017	9,115,800	4.00
Medispec (M) Sdn Bhd	364,000	30 March 2006 – 23 November 2017	9,115,800	4.00
Tan Hooi Sien	92,446	31 May 2005 – 23 November 2017	2,315,100	1.02

Notes:

(1) Investment were made directly into ATSB prior to the Acquisition

(2) Based on share base of 227,896,100 as at LPD

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

Name	Position / Directorship	Date appointed to our Board	Shareholdings in our Company as at LPD
Say Soon	Managing Director/ Promoter/ Substantial shareholder	4 June 2018	78,993,000 Shares (34.66%)
Say Peng	Executive Director/ Promoter/ Substantial shareholder	4 June 2018	55,430,000 Shares (24.32%)
Soon Hin	Non-Independent Non-Executive Director	4 June 2018	9,115,800 Shares (4%)
Mohd Zuber	Independent Non-Executive Director	4 June 2018	N/A
Tan Beng Teik	Substantial shareholder	N/A	13,673,700 Shares (6%)
Tan Cheik Eaik	Substantial shareholder	N/A	13,673,700 shares (6%)

4.1.2 Profiles of Promoters, substantial shareholders and Directors

(a) Say Soon

Say Soon, a Malaysian, aged 54, is the Managing Director of our Group. He was appointed to our Board on 4 June 2018. He is the founding Director and shareholder and has been jointly spearheading the business growth of our Group since its incorporation. He is primarily responsible for overseeing our Group's business direction and manages the strategic development of our Group. He has more than 29 years of combined working experience in the semiconductor and electronics industry.

He graduated with a Bachelor of Science in Chemical Engineering from Oklahoma State University, USA in 1988. He began his career in 1989 as a Process Engineer at Dynacraft Industries. He was subsequently promoted to Section Manager in 1992 to lead the process engineering team, where he successfully implemented a pre-plated frame product and spearheaded the company's transition into lead free processes. After 12 years, Say Soon left Dynacraft Industries in 2001 as its Engineering and R&D Manager and joined CS Metal Industries (M) Sdn Bhd as Plating Manager.

In 2005, he left CS Metal Industries (M) Sdn Bhd to start ATSB with his brother, Say Peng and assumed his current position.

Save for Say Peng, Say Soon does not have any other 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.

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(b) Say Peng

Say Peng, a Malaysian, aged 51, is the Executive Director of our Group. He was appointed to our Board on 4 June 2018. He is the founding Director and shareholder and has been jointly spearheading the business growth of our Group since its incorporation. He is responsible for overseeing all aspects of finance, corporate affairs and management information system of our Group.

He graduated with a Bachelor of Science in Business Administration, majoring in Accounting from Oklahoma State University, USA in 1988. He began his career in 1991, in Texchem Corporation Sdn Bhd as an Accountant where he was responsible for the overall accounting functions of the company's subsidiaries.

He left Texchem Corporation Sdn Bhd in 1994 to join Nyric Industries Sdn Bhd, a company involved in the trading of various types of anodized aluminium parts in Penang. He was the Executive Director and was overseeing the overall finance functions including monitoring business performance and results, profitability and cash flow, financial reporting, treasury management and tax compliance.

In 2004, he left Nyric Industries Sdn Bhd to start ATSB with his brother, Say Soon, and assumed his current position.

Save for Say Soon, Say Peng does not have any other 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.

(c) Soon Hin

Soon Hin, Malaysian, aged 65, is the Non-Executive Director of our Group. He was appointed to our Board on 4 June 2018.

He has more than 20 years of working experience in the field of accounting and finance. He was qualified as a graduate member of the Malaysian Institute of Certified Public Accountants (MICPA) in 1980 and was admitted to the Malaysia Institute of Accountants (MIA) as Chartered Accountant in 1982.

He began his career in 1974, working as an Audit Associate in Ernst & Young in Penang, where he assisted on the statutory financial audit assignments. He left the firm in 1980 to join Liang Lim and Associates as a Manager where he was responsible to supervise various audit, tax and corporate advisory assignments. In 1983, he left the firm to join Texchem Corporation Sdn Bhd as the Group Chief Accountant, where he was the Deputy Head for the accounting and finance department of the group.

He left the company in 1985, to begin his own audit firm, Yap Soon Hin & Co in Penang. From 1985 to 1999, he was involved in various audit, corporate advisory and tax assignments in various industries including construction, investment holding, plantation, retail, manufacturing and property development. In 2000, his firm expanded to join the Horwath International Network and he became the Managing Partner of Horwath Teoh Yap in Penang. He retired from Horwath Teoh Yap in 2004.

He currently sits on the board of several private companies as disclosed in **Part VI: Section 5**.

Soon 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.

(d) Mohd Zuber

Mohd Zuber, a Malaysian, aged 53, is the Independent Non-Executive Director of our Group. He was appointed to our Board on 4 June 2018.

He received his Diploma in Public Administration from MARA University of Technology (formerly known as MARA Institute of Technology) in 1988. He obtained his Master in Business Administration from the University of Ballarat in Melbourne, Australia in 2010. He was qualified as a trainer for Business and Supply Chain Management by the Construction Industry Development Board (CIDB) in 2015 and a trainer for Supply Chain Management by Pembangunan Sumber Manusia Berhad in 2017.

He began his career in 1988 as a Purchasing Officer at Sony Electronics (M) Sdn Bhd where he was involved in the procurement operations of the company. In 1992, he left the company and joined Motorola Electronics (M) Sdn Bhd as a Senior Purchasing Officer. He left in 1996, to join Aksi Harmoni Sdn Bhd as a Project Manager where he was overseeing the fibre optics department in the telecommunication sector and reviewing the business contracts as well as ensuring the completion of the projects.

In 2000, he left the company to join Jabil Circuit Sdn Bhd as a Purchasing Supervisor, where he was overseeing the procurement department for the purchase of production materials. Between 2000 to 2003, he was also involved in project transfer where he was stationed in Florida and Colorado Springs in the USA. In 2004, he was transferred to Jabil Circuit Shanghai Co. Ltd in Shanghai to undertake the role as a Purchasing Manager until 2008. He returned to Malaysia in 2008 to join Finisar (M) Sdn Bhd as a Senior Purchasing Manager where he was responsible to oversee the procurement department and monitoring the sub-contractor supply chain. In 2010, he joined Jabil Vietnam Co. Ltd in Vietnam as a Materials Manager, where he was responsible to coordinate the transfer of products between various production areas and external warehouses and ensuring the material inventory levels are sufficient to meet the production schedules as well as overseeing the operations of purchasing, planning, inventory control, supplier quality engineering and logistic and warehouse departments. He left the company in 2011.

In 2011, he returned to Malaysia and joined Smartrac (M) Sdn Bhd as a Manager, where he was overseeing the operations of the logistic and warehouse and inventory control department. In 2013, he left the company to join Lumileds (M) Sdn Bhd as a Senior Commodity Manager, where he was responsible to develop, implement, and maintain an inventory strategy that supports the company's supply chain as well as evaluating the market conditions in order to maintain inventory levels and control costs. In 2017, he left the company to establish Sedim Nyaman Venture Enterprise, an eco-homestay resort situated in Karangan, Kulim, Kedah where he is responsible for managing all aspects of the eco-homestay resorts.

Mohd Zuber 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.

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(e) Tan Beng Teik

Tan Beng Teik, a Malaysian aged 64, is our substantial shareholder. He graduated from the University of Aston in Birmingham, United Kingdom with a Bachelor of Science Combined Honours Degree in Electronic Control and Instrumentation and Computer Science in 1978.

He began his career in 1979, as an Engineer and Maintenance Technician at Advanced Micro Devices (M) Sdn Bhd in Penang, where he was responsible for the maintenance of the system hardware. In 1981, he was promoted to Senior Product Engineer, where he was responsible to develop strategies to improve product's quality, yield and delivery performance. In 1985, he was promoted to Product Manager, where he was responsible to lead and supervise the product engineering team in improving the product quality, yield and delivery performance.

He left the company in 1988, to join Integrated Device Technology (Malaysia) Sdn Bhd, as an Operations Manager, where he was responsible to set up and oversee the testing and backend operations. In 1995, he was promoted to Plant Manager and Managing Director, where he was responsible to oversee the business direction and manage the strategic development of the company. In 2005, he retired as the Managing Director of this company.

He currently sits on the board of several private companies as disclosed in **Part VI: Section 5**.

Tan Beng Teik 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.

(f) Tan Cheik Eaik

Tan Cheik Eaik, a Malaysian, aged 53, is our substantial shareholder. He graduated with a Bachelor (Hons) Degree in Electrical Engineering from the University of Malaya in 1990.

Upon graduation, he joined Hewlett Packard (M) Sdn Bhd as a Design Engineer and was soon promoted to Senior Design Engineer. In 1992, he left the company to start his entrepreneurial career, where he succeeded his late brother-in-law's electrical wiring business Siang Electronics Technology, a partnership company. In 1995, this partnership was converted to a private limited company under the name of Siangtronics Technology Sdn Bhd, and he became its Managing Director overseeing business direction and strategic development.

In 2003, pursuant to a restructuring exercise, Siangtronics Technology Sdn Bhd transferred its operations to Elsoft Research Berhad, a company listed on the Main Market of Bursa Securities. He is currently the Executive Director and Chief Executive Officer of Elsoft Research Berhad.

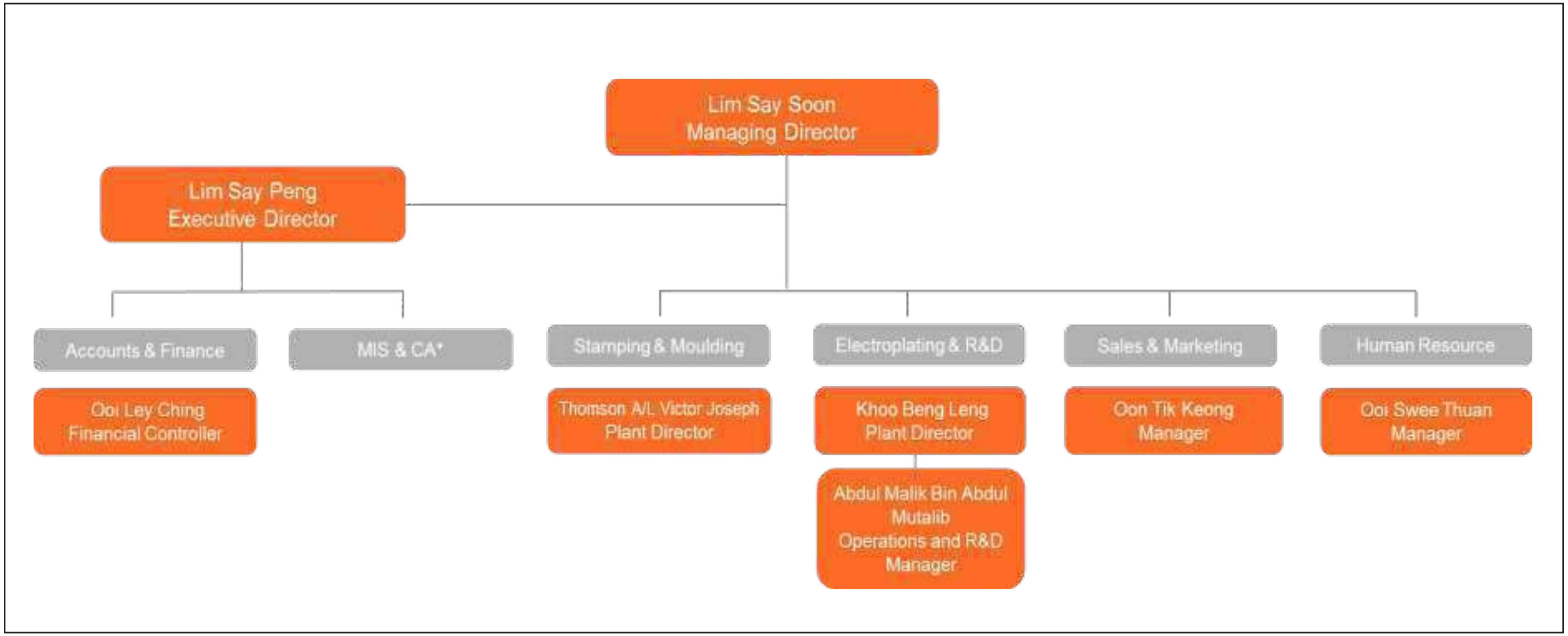
He was appointed as the Independent Non-Executive Chairman of FoundPac Group Berhad on 22 November 2016, a position he holds to date. He also sits on the board of several private companies as disclosed in **Part VI: Section 5**.

Tan Cheik Eaik 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.

4.2 Key management personnel

4.2.1 Organisation chart

Our organisational chart is as follows:



Note:

* MIS & CA Department – Management Information System and Corporate Affairs Department

PART I: INFORMATION ON OUR GROUP

4.2.2 Shareholdings

Save for the Promoters, none of our key management have any shares in our Company as at LPD.

4.2.3 Profiles of key management personnel

The profiles of our key management personnel are as follows:

(a) Khoo Beng Leng

Khoo Beng Leng, a Malaysian, aged 47, is our Plant Director for electroplating. He obtained his Bachelor of Applied Science from the University of Toronto, Canada in 1996. He was certified as a Radiation Protection Officer by the AELB in 2018.

Upon his graduation in 1996, he joined Dynacraft Industries as a Plating Process Engineer, where he was the lead engineer of the strip-to-strip plating machine production. He left Dynacraft Industries in 2002 and joined Amsinar Sdn Bhd as a Plating Assistant Manager, where he was overseeing and supervising the plating operations department, a position he held till 2005.

In 2005, he joined ATSB as a Plate Operations Manager where he was responsible to oversee the plating process and production set-up. In 2008, he assumed his current position where he is responsible for overseeing the operations of the electroplating production and R&D. He also oversees the plants' WWTP and RODI system, tooling and maintenance, quality assurance and materials under the electroplating section.

(b) Thomson A/L Victor Joseph

Thomson A/L Victor Joseph, a Malaysian, aged 54, is our Plant Director for stamping and moulding. He received his secondary education from Sekolah Menengah Vokasional Kamunting in Taiping, Perak in 1981.

Upon completing his education, he joined the Simpang branch of Tan Chong Motors Sdn Bhd in Taiping as a Mechanic in 1982.He then joined Kamunting Textile Industries Sdn Bhd in 1983 as a Supervisor/ Trainer for the weaving and spinning department, where he established training programs for new foremen and technicians. In 1984, he joined Dynacraft Industries as a Tool Maker. In 1993, he was promoted to Unit Manager, where he was responsible to supervise the stamping and tooling operations. In 1997, he was promoted to Section Manager where he was involved in the day-to-day manufacturing and tooling standards of Ceramic Dual In-line Package (CERDIP) product. After 22 years, he left Dynacraft Industries in 2006.

He joined our Group in 2007 as Stamping Section Manager to establish our stamping facility and was promoted to Stamping Manager in 2009. He assumed his current position in 2011.

(c) Oon Tik Keong

Oon Tik Keong, a Malaysian, aged 51, is our Sales and Marketing Manager. He graduated with a Diploma in Technology (Materials Engineering) from Tunku Abdul Rahman College in 1991. He was qualified as a certified Quality Systems Auditor by Pera Neville Clarke in 2004. He also obtained a certification in Quality Engineer from Argi Management Consultant in 2004 and Quality Engineer American Society for Quality in 2006.

He began his career in 1999 as a Senior Production Executive and subsequently as a Total Quality Management (TQM) Executive at Brisk Steel Products Sdn Bhd. After 9 years, he left to join Dynacraft Industries as a Team Manager in 1999, where his role was to foster team culture and conduct team building by implementing continuous process improvement initiatives. In 2001, he joined Amsinar Sdn Bhd, as a Quality Assurance Manager overseeing the QA function of its electroplating and stamping subsidiaries.

In 2005, he left Amsinar Sdn Bhd and joined ATSB as a Quality Assurance Manager. In 2008, he was promoted to our Sales and Marketing Manager.

(d) Abdul Malik bin Abdul Mutalib

Abdul Malik bin Abdul Mutalib, a Malaysian, aged 45 is our Operations and R&D Manager. He graduated with a Diploma in Mechanical and Manufacturing Technology from Universiti Tekhnologi Malaysia in 2008.

In 1991, he began his career as a Production Leader with Seagate Industries (M) Sdn Bhd, where he was responsible to monitor the quality and output of operators. In 1992, he joined Dynacraft Industries as a Plating Technician where he was involved in setting up plating lines for new products and processes. He left Dynacraft Industries in 2002 and joined Amsinar Sdn Bhd as Production Engineer where he was involved in the process and product conversion up to 2006. Upon his resignation in 2006, he joined ATSB as an Engineer where he was responsible for the New Product Introduction (NPI) production yield and output. Subsequently he was promoted to Senior Engineer in 2010 and Section Manager in 2011 respectively, where he was responsible to oversee the production schedule, R&D team for NPI in terms of the mechanical and process improvement, output and yield as well as managing his subordinates.

He assumed his current position in 2017 where he is primarily responsible for product qualification, oversseing R&D, quality and yield, as well as managing the man power allocation and the production costing.

(e) Ooi Swee Thuan

Ooi Swee Thuan, a Malaysian, aged 38, is our Human Resource Manager. She graduated from Universiti Utara, Malaysia in 2004 with a Bachelor's Degree in Human Resource Management.

She began her career working as an Administrative Assistant at Intel Technology Sdn Bhd in July 2004. She then joined Amsinar Sdn Bhd in October 2004 as a Human Resource Assistant, where she assisted in the implementation of human resource programs and policies for staffing and employee relations.

Subsequently, in April 2005, she left Amsinar Sdn Bhd to join ATSB, as a Human Resource Executive. She assumed her current position in 2015, where she is principally responsible for our Group's human resource functions, training and compliances.

(f) Ooi Ley Ching

Ooi Ley Ching, a Malaysian, aged 36, is our Financial Controller. She graduated from Oxford Brookes University, United Kingdom with a Bachelor Science (Hons) in Applied Accounting in 2005. She completed her Association of Chartered Certified Accountants (ACCA) qualification exams in 2007. She is a member of the Malaysian Institute of Accountants.

After completing her Diploma in Business Studies (Accounting) from Kolej Tunku Abdul Rahman, she began her career in 2003 as an Audit Assistant in H.B. Tiong and Partners. While working as an Audit Assistant, she was pursuing her Bachelor of Science (Hons) in Applied Accounting and ACCA concurrently. In 2005, she left H.B. Tiong and Partners and joined GW Soon and Partners as its Senior Audit, where she was responsible for conducting and supervising statutory financial audit works. In 2007, she left the audit field to join Daxon Technology Sdn Bhd, a MNC under BenQ Group, as an Accountant.

She joined ATSB in 2009 as an Accountant where she was responsible for the preparation and analysis of the financial operations of our Group. She left ATSB in 2013 to join Ken Prima Cosmeceuticals Sdn Bhd as Finance Manager. She returned to ATSB in 2016, where she assumed her current position and is responsible for all finance related functions.

4.3 Our employees

As at LPD, we have 156 permanent employees (including our Managing Director and Executive Director), which are all based in our existing factories in Penang. The following depicts the breakdown of our employees in our Group as at the LPD:

Category of employees	Number of employees	% of total employees	Number of local employees	Number of foreign employees
Directors	2	1	2	
Plant Director, Managers	11	7	11	
Professional/ Executive	24	15	23	1
Technician/ Non- Executive	119	77	87	32
TOTAL	**156**	**100**	**123**	**33**

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 2017 and FYE 2018, there has not been any incident of work stoppage or labour disputes that has materially affected our operations.

5. RELATED PARTY TRANSACTIONS

For the past FYE 2017 and FYE 2018, 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 Promoters, substantial shareholders, Directors, key management personnel and/or persons connected with them in relation to the business of our Group, as defined under the LEAP Listing Requirements.

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6. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS THEREON

AHB was incorporated on 19 March 2018 as an investment holding company to facilitate the Proposed Listing. Prior to the completion of the Acquisition, AHB was dormant. As such, the historical financial information of our Group for FYE 2017 and FYE 2018 is presented based on the financial statements of ATSB Group only.

The financial statements for FYE 2017 and FYE 2018 have been audited by Baker Tilly Monteiro Heng. The audited financial statements for FYE 2018, detailing both the financial information for FYE 2017 and FYE 2018, have been prepared in accordance with approved accounting standards issued by the Malaysian Accounting Standards Board. The audited financial statements are set out in **Part V: Audited Financial Statements of ATSB for FYE 31 March 2018** of this Information Memorandum.

6.1 Historical statements of profit or loss and other comprehensive income

The following table sets out a summary of ATSB Group's audited financial statements of profit or loss and other comprehensive income for FYE 2017 and FYE 2018.

	ATSB Group	
	FYE 2017	**FYE 2018**
	RM	**RM**
Revenue	32,557,574	39,250,848
Cost of sales	(26,066,592)	(31,467,622)
GP	**6,490,982**	**7,783,226**
Other income	347,149	64,494
Administrative expenses	(3,215,494)	(3,184,715)
Distribution expenses	(635,484)	(793,847)
Other operating expenses	(103,119)	(49,897)
Operating profit	**2,884,034**	**3,819,261**
Finance costs	(775,495)	(797,905)
PBT	**2,108,539**	**3,021,356**
Income tax expenses	(358,121)	(871,235)
PAT to shareholders of the Company	**1,750,418**	**2,150,121**
Other comprehensive income, net of tax		
Surplus on revaluation of properties	-	1,281,540
Total comprehensive income for the financial year	**1,750,418**	**3,431,661**
Diluted net EPS (sen) [1]	0.65	0.80

Note:

(1) Based on enlarged share base of AHB upon completion of the Proposed Placement of 268,113,100 Shares

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PART I: INFORMATION ON OUR GROUP

6.2 Historical statements of financial position

The following table sets out a summary of the statements of financial position of ATSB Group based on the audited consolidated financial statements of ATSB Group as at FYE 2017 and FYE 2018:

	ATSB Group	
	FYE 2017 RM	**FYE 2018 RM**
ASSETS		
Non-current assets		
Property, plant and equipment	27,576,445	30,334,330
Total non-current assets	**27,576,445**	**30,334,330**
Current assets		
Inventories	3,549,263	5,503,926
Current tax assets	308,429	433,868
Trade and other receivables	6,061,721	8,742,641
Cash and short-term deposits	2,014,465	1,077,867
Total current assets	**11,933,878**	**15,758,302**
Total assets	**39,510,323**	**46,092,632**
EQUITY AND LIABILITIES		
Equity		
Share capital	8,750,000	9,100,000
Share premium	350,000	-
Revaluation reserve	2,601,725	3,883,265
Retained earnings	7,656,224	9,806,345
Total equity	**19,357,949**	**22,789,610**
Non-current liabilities		
Loans and borrowings	6,432,345	6,751,911
Deferred income	58,075	-
Deferred tax liabilities	3,491,410	3,833,010
Total non-current liabilities	**9,981,830**	**10,584,921**
Current liabilities		
Trade and other payables	5,802,857	5,724,572
Deferred income	-	32,926
Loans and borrowings	4,367,687	6,960,603
Total current liabilities	**10,170,544**	**12,718 ,101**
Total liabilities	**20,152,374**	**23,303,022**
TOTAL EQUITY AND LIABILITIES	**39,510,323**	**46,092,632**
NA per share (sen)(1)	7.22	8.50

Note:

(1) Based on enlarged share base of AHB upon completion of the Proposed Placement of 268,113,100 Shares

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PART I: INFORMATION ON OUR GROUP

6.3 Historical statements of cash flows

	ATSB Group	
	FYE 2017	FYE 2018
	RM	RM
Cash flows from operating activities		
PBT	2,108,539	3,021,356
Adjustments for: -		
Depreciation of property, plant and equipment	3,142,744	4,104,193
Property, plant and equipment written off	1,818	-
Amortisation of government grant	(25,149)	(25,149)
Finance costs	775,495	797,905
Finance income	(4,828)	(5,260)
Unrealised loss on foreign exchange	103,119	3,898
Operating profit before working capital changes	**6,101,738**	**7,896,943**
Change in Working capital:-		
Inventories	(320,144)	(1,954,663)
Trade and other receivables	(1,672,335)	(2,703,147)
Trade and other payables	2,026,278	(59,956)
Net cash generated from operations	**6,135,537**	**3,179,177**
Income tax paid	(961,556)	(1,059,774)
Interest received	4,828	5,260
Interest paid	(236,503)	(169,375)
Net cash generated from operating activities	**4,942,306**	**1,955,288**
Cash flows from investing activity		
Purchase of property, plant and equipment	(6,791,871)	(4,689,214)
Change in pledged deposits	(104,799)	(25,240)
Net cash used in investing activity	**(6,896,670)**	**(4,714,454)**
Cash flows from financing activities		
Interest paid	(538,992)	(628,530)
Repayment of finance lease liabilities	(318,217)	(545,108)
Net changes of bankers acceptance	(345,356)	1,890,000
Net changes of term loans	3,410,887	720,263
Net cash generated from financing activities	**2,208,322**	**1,436,625**
Net increase/(decrease) in cash and cash equivalents	**253,958**	**(1,322,541)**
Cash and cash equivalents at the beginning of the financial year	**(92,253)**	**161,705**
Cash and cash equivalents at the end of the financial year [(1)]	**161,705**	**(1,160,836)**

Note:

(1) The breakdown of the cash and cash equivalent at the end of financial year is as follows:

	FYE 2017	FYE 2018
	RM '000	RM '000
Short-term deposits	167,253	192,493
Less: Pledged deposits	(167,253)	(192,493)
Cash and bank balances	1,847,212	885,374
Bank overdrafts	(1,685,507)	(2,046,210)
	161,705	(1,160,836)

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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 audited result statement of ATSB Group as set out in **Part V: Audited Financial Statements of ATSB for FYE 31 March 2018** of this Information Memorandum.

6.4.1 Overview and review of our operations

(a) Principal activities

Our Group provides electronic packaging and interconnect solutions for the global semiconductor and electronics industry. Through our subsidiaries, we manufacture lead frames for ICs, as well as other electronic packaging and interconnect components such as components for silicon microphones and MEMS.

Please refer to **Part I: 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

	FYE 2017	FYE 2018
	RM '000	RM '000
Manufacture of lead frames	26,153	31,403
Manufacture of other electronic packaging and interconnect components	6,405	7,848
	32,558	**39,251**

Our revenue is mainly derived from 2 segments, i.e. (i) the manufacturing of lead frames and (ii) the manufacturing of the other electronic packaging and interconnects components. Our customers are mainly engaged in the manufacture of semiconductor devices, which offers integrated suite of packaging and testing service. They consist of OSAT houses as well as OEMs, the majority of which are MNCs in the semiconductor, consumer electronics, automotive, lighting, industrial electronics and medical industries.

Our Group achieved higher revenue of RM39.2 million in FYE 2018, representing an increase of approximately RM6.7 million compared to FYE 2017. This was mainly due to the increase of revenue from our surface finishing treatment services. In particular, there was an increase in demand of components for silicon microphones used in mobile devices and industrial electronics.

On a geographical basis, Malaysia remains the biggest market contributing 67.3% and 69.4% for FYE 2017 and FYE 2018 respectively. The remaining of our revenue for FYE 2018 is derived mainly from Philippines (16.2%), Thailand (12.2%), Singapore (1.8%) and USA (0.4%).

(c) Cost of sales

	FYE 2017	FYE 2018
	RM '000	RM '000
Material Cost	14,430	17,490
Labour Cost	4,187	4,650
Overheads	7,450	9,328
Total	**26,067**	**31,468**

The major components of our cost of sales mainly comprise the labour costs, factory overheads and raw material cost mainly from our suppliers as specified in **Part I: Section 2.8**.

Our material cost increase by 21.2% in FYE 2018, which was in line with the increase in our revenue of 20.6% during FYE 2018. However, the percentage of the material cost over revenue was relatively constant at 44.3% and 44.6% for FYE 2017 and FYE 2018 respectively.

In FYE 2018, our labour cost increased by 11.1% which was mainly due to the increase in overall headcount for our Group as we brought in additional technical workforce to support our future projects. This will also ensure that we have the necessary workforce to meet our forecasted sales.

Factory overheads increased by RM1.9 million in FYE 2018 as compared to FYE 2017. This was mainly due to the increase in depreciation and other variable costs such as consumables and utilities. The increase in depreciation was due to the installation of additional machineries, tools and equipment of RM5.0 million to cater to the estimated increase in our forecasted sales. The increase in the other variable overhead costs was in line with the increase in our sales. The percentage of the total cost of sales over the revenue stand at 80.1% and 80.2% for FYE 2017 and FYE 2018, respectively.

Overall, our cost of sales increased by RM5.4 million or 20.7% for the FYE 2018. The increase in our cost of sales corresponded to the increase in our revenue of 20.6% for FYE 2018.

(d) GP and GP margin

	FYE 2017	**FYE 2018**
	RM '000	**RM '000**
GP	6,491	7,783
GP (%)	19.9%	19.8%

Our Group managed to record a GP of RM7.8 million in FYE 2018, which represents an increase of 19.9% from FYE 2017. The increase in GP is in line with the increase of our revenue.

(e) Other income

	FYE 2017	**FYE 2018**
	RM '000	**RM '000**
Net realised gain in foreign exchange	281	-
Interest income	5	5
Scrap sales	36	34
Government grant	25	25
Total	**347**	**64**

Our other income was mostly gains from foreign exchange and other miscellaneous income. The gains from foreign exchange in FYE 2017 was contributed by the steep appreciation of the USD relative to RM. The USD appreciated from RM3.85 per USD to RM4.50 per USD from April 2016 to March 2017.

On 2 December 2016, the Foreign Exchange Administration Rules was introduced and imposed by BNM on all foreign currencies transactions and holdings. To comply with this rule, we were compelled to invoice our Malaysian customers in RM instead of USD, and as a result, it reduced our foreign exchange gain/loss in FYE 2018.

For financial reporting purposes, our net foreign exchange gain is reported in other income and our net foreign exchange loss is disclosed in other operating expenses as illustrated in **Part I**: **Section 6.4.1(h)**. As such, our net foreign exchange position gained RM0.18 million and loss RM0.05 million for FYE 2017 and FYE 2018 respectively.

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(f) Administrative expenses

The breakdown of our administrative expense for periods under review is as follows:

	FYE 2017	FYE 2018
	RM '000	RM '000
Directors remuneration, administrative staff cost	2,277	2,388
Professional fees	262	107
Staff welfare, training and others staff cost	179	178
Depreciation	134	137
Others	363	375
Total	**3,215**	**3,185**

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

Our administrative expenses decreased by RM0.03 million mainly due to the decrease in professional fees by RM0.16 million.

(g) Distribution expense

	FYE 2017	FYE 2018
	RM '000	RM '000
Carriage Outwards	473	601
Sales Commission	143	178
Others	19	15
Total	**635**	**794**

Our distribution expenses increased by RM0.16 million for FYE 2018, which were mainly contributed by:

(a) Increase in carriage outwards of RM0.13 million. The percentage of carriage outwards cost over sales was 1.5% for both FYE 2017 and FYE 2018; and

(b) Increase in sales commission of RM0.03 million. The sales commission was incurred to pay the sales representatives that our Group has appointed to service the local customers in the Philippines and Thailand. The sales in Philippines and Thailand increased by 15% and 6% in FYE 2018 respectively.

(h) Other operating expenses

	FYE 2017	FYE 2018
	RM '000	RM '000
Net realised loss in foreign exchange	-	32
Net unrealised loss in foreign exchange	103	18
Total	**103**	**50**

Our other operating expenses decreased by RM0.05 million for FYE 2018. This was mainly due to the fluctuation in the exchange rate.

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(i) Finance costs

	FYE 2017	FYE 2018
	RM '000	RM '000
Bank charges	145	180
Overdraft interest	175	124
Term loan/ Hire purchase interest	455	494
Total	**775**	**798**

Our finance costs increased slightly in FYE 2018 by RM0.02 million to finance the increase in our general working capital. Our bank charges rose by RM0.03 million, where it comprised of trade financing interest, whereas our overdraft interest were reduced by RM0.05 million as our Group utilised more trade financing instead of overdraft facilities in FYE 2018.

(j) PBT and PBT margin

	FYE 2017	FYE 2018
	RM '000	RM '000
PBT	2,108	3,022
PBT margin (%)	6.5%	7.7%

Our Group managed to record a PBT of RM3.0 million in FYE 2018, which represents an increase of 43.3% from FYE 2017. The increased in PBT is in line with the increased in GP which rose by RM1.3 million in FYE 2018.

(k) Taxation

	FYE 2017	FYE 2018
	RM '000	RM '000
Taxation		
Current year	456	914
Prior year adjustment	(165)	20
	291	**934**
Deferred tax		
Current year	282	(55)
Prior year adjustment	(215)	(8)
	67	**(63)**
Total	**358**	**871**
Effective tax rate	**17.0%**	**28.8%**

Our effective tax rate was 17.0% and 28.8% for the FYE 2017 and FYE 2018 respectively. The FYE 2017 effective tax rate was lower than the statutory tax rate of 24.0% mainly due to the over provision of prior year's taxes which was adjusted in the FYE 2017, whereas, the effective tax rate for FYE 2018 of 28.8% is marginally higher than the statutory rate of 24.0% due to some expenses not deductible for tax purposes which includes depreciation, entertainment and non-deductible professional fees.

(l) 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 therein 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.

6.5 Borrowings

We utilise credit facilities such as overdrafts to partially finance our working capital expenditure and term loans to finance the purchase of our buildings.

Our total outstanding bank borrowings as at FYE 2018 stood at RM13.7 million, details of which are set out below. All our bank borrowings are interest-bearing, and denominated in RM.

	FYE 2017 RM'000	FYE 2018 RM'000
Borrowings		
Current		
Bankers acceptance	1,584	3,474
Bank overdraft	1,686	2,046
Term loan	626	865
	3,896	6,385
Non-Current		
Term loan	5,684	6,166
	9,580	12,551
Hire purchase		
Current	472	576
Non-current	748	586
	1,220	1,162
Total borrowings	**10,800**	**13,713**

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 FYE 2017 and FYE 2018.

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 Impact of foreign currency exchange rates

For FYE 2017, 80% of our net sales and 81% of our purchases were in USD. For FYE 2018, our foreign currency exposure declined, where 60% of our net sales and 61% of our purchases were in USD.

We review the pricing of our product quarterly, taking into consideration of both the exchange rate and raw material prices. Any adverse foreign currency movement is cushioned by the ability of our Group to pass on costs of raw materials to our customers.

Also, the fluctuation in currency is further cushioned off due to 'natural hedging' as the proportion of our sales and purchases in USD are similar. Hence, fluctuation in foreign currency is not expected to materially impact the profitability of our Group.

6.7 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.

PART I: INFORMATION ON OUR GROUP

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.

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PART II

INFORMATION ON OUR PROPOSED LISTING

PART II: PARTICULARS OF OUR PROPOSED LISTING AND PROPOSED PLACEMENT

1. PARTICULARS OF OUR PROPOSED LISTING AND PROPOSED PLACEMENT

1.1 Listing scheme

Our listing scheme entails the proposed placement of 40,217,000 Placement Shares at an indicative issue price of RM0.15 each, and the proposed listing of our entire 268,113,100 Shares on the LEAP Market.

1.2 Indicative Placement Price

The indicative placement price of RM0.15 per Placement Share was arrived at after taking into consideration the following:

(a) The price-to-earnings multiple of approximately 23.1 times and 18.75 times based on the audited EPS of 0.65 sen and 0.80 sen for FYE 2017 and FYE 2018 respectively, calculated with reference to our enlarged share base of 268,113,100 Shares after the Proposed Placement;

(b) The historical track record of our Group for FYE 2017 and FYE 2018, summarised as follows:

	Audited	
	FYE 2017	**FYE 2018**
Revenue (RM'000)	32,558	39,251
GP (RM'000)	6,491	7,783
PAT (RM'000)	1,750	2,150
EBITDA (RM'000)	5,966	7,878

(c) the future prospects and potential of our business, taking into consideration our business model and market size, our development and milestones;

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

(e) investor feedback with regards to the 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 listing

Upon completion of the Proposed Placement, our Company's entire enlarged share capital comprising 268,113,100 Shares shall be listed on the LEAP Market of Bursa Securities.

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 **Part II: 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 RM6.03 million shall accrue entirely to the Company and will be utilised in the following manner:

Utilisation of proceeds	Estimated timeframe for utilisation[1]	RM '000	%
R&D [2]	12 month	800	13.3
Capital expenditure [3]	12 month	3,200	53.0
General working capital [4]	3 month	1,033	17.1
Estimated listing expenses [5]	1 month	1,000	16.6
	Total	6,033	100.0

Notes:

(1) From the date of listing and admission of our Shares on the LEAP Market;

(2) Approximately RM0.8 million has been earmarked for the development and enhancement of existing and new product development as specified in **Part I: Section 2.7**.

(3) We intend to allocate approximately RM3.2 million of the proceeds for the following capital expenditure as further detailed in **Part I: Section 2.13**:

Capital Expenditure	RM '000
Set up and build a new high speed reel-to-reel electroplating plating and 'rack plating' process machine	2,300
Testing and QA equipment	300
Facilities' power supply, WWTP plant and RODI water equipment	600
Total	**3,200**

(4) Approximately RM1.0 million has been earmarked to supplement the working capital requirements of our Group. The proceeds shall be used to finance our day-to-day operations including working capital requirements. Details of the utilisation are as follows:

General working capital	RM '000
Salaries, hiring of additional production, R&D and marketing staff [a]	150
General working capital [b]	883
Total	**1,033**

(a) We intend to allocate approximately RM0.15 million to increase our production, R&D and marketing personnel headcount;

(b) We allocate approximately RM0.89 million to cater for the purchase of raw material such as precious metals, chemicals, resins, copper alloy raw blanks and for other overheads.

(5) The amount of RM1.0 million is allocated to meet the estimated costs 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.

The following summarises the estimated expenses incidental to our Proposed Listing to be borne by our Group:

Estimated listing expenses	**RM '000**
Professional fees	700
Placement fees	200
Miscellaneous (including authority fees)	100
Total	**1,000**

Pending the deployment of the proceeds from the Proposed Placement as aforementioned, the funds will be placed in short-term deposits with financial institutions, used to invest in short-term money market instruments and/or used for working capital requirements 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 AHB 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.

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

(a) Approval from Bursa Securities for the listing of the Shares; and

(b) Successful completion of the Proposed Placement.

2.3 Details of moratorium and undertakings

Pursuant to Rule 3.07 of the LEAP Listing Requirements, the Shares held by the Promoters, amounting to 134,423,000 Shares (representing approximately 50.13% of the enlarged share capital upon our Proposed Listing) are to be placed under moratorium.

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

PART II: PARTICULARS OF OUR PROPOSED LISTING AND PROPOSED PLACEMENT

(b) Upon expiry of the first 12-months, our Company must ensure that our Promoters shall maintain an aggregate shareholding amounting to 120,650,900 Shares representing 45% of the enlarged share capital of our Company for another period of 36-months.

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

Also, our existing shareholders, other than the Promoters, as set out in the table below have agreed to place 93,473,100 of their Shares representing all of their holdings under a 6-month moratorium ("**Shareholder Moratorium**").

In this respect, the Shares that are subject to moratorium are set out below:

Shareholders	Moratorium shares during the 12-Month Moratorium[(1)]		Moratorium shares during the 36-Month Moratorium[(2)]	
	No. of Shares	%[(3)]	No. of Shares	%[(3)]
Promoters				
Say Soon	78,993,000	29.46	70,899,900	26.44
Say Peng	55,430,000	20.67	49,751,000	18.56
	134,423,000	50.13	120,650,900	45.00

Other Shareholders	6-Month Shareholder Moratorium[(1)]	
Tan Beng Teik	13,673,700	5.10
Tan Cheik Eaik	13,673,700	5.10
Golden Fresh Sdn Bhd	9,115,800	3.40
Lim Chin Ming	9,115,800	3.40
Goh Huck Sun	9,115,800	3.40
Ow Hang Sen	9,115,800	3.40
Yap Wing Chun	9,115,800	3.40
Soon Hin	9,115,800	3.40
Medispec (M) Sdn Bhd	9,115,800	3.40
Tan Hooi Sien	2,315,100	0.86
	93,473,100	34.86

Notes:

(1) From the date of our Proposed Listing
(2) Upon the expiry of 12 months from the date of our Proposed Listing
(3) Based on the enlarged share capital of 268,113,100 Shares upon completion of the Proposed Placement

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2.4 Undertakings in relation to the Proposed Placement

(a) All money received from the Sophisticated Investors pursuant to the subscription of our Shares will be placed in a trust account with a financial institution licensed by BNM ("**Trust Account**"). The Trust Account will be operated by M&A Securities as the Approved Adviser and Placement Agent;

(b) AHB and M&A Securities undertake that all monies deposited in the Trust Account will not be withdrawn until the date of listing of our Shares on the LEAP Market of Bursa Securities; and

(c) AHB undertakes to forthwith repay within 14 days without interest all monies received from the Sophisticated Investors if:

  (i) the Proposed Listing does not take place within 6-months from the date of Bursa Securities' approval for the Proposed Listing on the LEAP Market or such further extension of time as Bursa Securities may allow; or

  (ii) the Proposed Listing is aborted by AHB.

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PART III

RISK FACTORS

PART III: RISK FACTORS

Any 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. RISKS SPECIFIC TO THE INDUSTRY

1.1 Dependency on the global semiconductor and electronics industry

We support the global semiconductor and electronics industry where our customers are mainly from the semiconductor, consumer electronics, automotive, lighting, industrial electronics and medical industries. The demand for lead frames that we manufacture is derived from the demand for our customers' products, such as semiconductors, computers, audio-visual equipment, communication equipment, electronic components as well as display and navigation devices. The products of our customers are marketed globally and any significant change in the global demand for these products will impact on our revenue.

As an illustration, any significant decline in the demand for consumer electronic products such as mobile phones and personal computers will result in a decrease in demand for lead frames.

In addition, the global semiconductor and electronics industry is cyclical and characterised by competition, rapid technological changes and short product life cycles. We are therefore vulnerable to the cyclical nature of the global semiconductor and electronics industry. A prolonged downturn in the global semiconductor and electronics industry would have a material and adverse impact on our results of operations, financial performance and condition.

1.2 Competition from other industry players

We operate in a competitive industry. As some of our competitors are bigger players in this industry, they may have more R&D resources to keep them abreast of technological changes, greater manufacturing, financial and marketing resources as well as wider access to capital. They may therefore be able to compete more successfully over a longer period of time. We cannot assure that we will be able to continue to compete successfully with our competitors.

Despite what we believe are high barriers of entry such as high initial set-up cost, technology know-how and established client base, the opportunities in our business areas present an attraction for new players. Our success depends on our ability to generate and nurture customer loyalty mainly by consistently offering quality products and services at competitive prices and reliable delivery time. Should our competitors offer any better-quality products or services, better pricing and/or shorter delivery time, our sales and market share will be adversely affected. Stiff competition and an overall decline in the demand for our products may also exert a downward pressure on our prices and erode our profit margins. As a result, our financial results will be adversely affected.

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2. RISK SPECIFIC TO OUR GROUP

2.1 Operational risks and inadequate insurance coverage

We face various operational risks such as accidents, outbreaks of fire or floods and natural disasters, which may cause significant losses or damage to our inventory, production facilities, warehouse and office, thus disrupting and affecting our business operations.

We have taken up insurances which cover fire and burglary as well as personal accident insurance for our employees. Nonetheless, there is no assurance that our insurance coverage is sufficient to compensate the potential financial losses which may arise from fire, burglary or accidents.

There are also other risks such as natural disasters, riots, and general strikes that cannot be reasonably insured against, which may adversely affect our operations.

2.2 Dependency on our Directors and key management personnel

We attribute our success to the leadership and continued contributions of our key management team, led by our Promoters, Say Soon and Say Peng. We believe that our continued and future success is therefore dependent on our ability to retain our key management personnel, who are responsible for formulating and implementing our business strategies, business development and daily management and operations. The loss of any of our key management personnel simultaneously or within a short span of time may adversely impact our Group's operations, if there is lack of succession planning or timely replacement of these personnel.

Despite our efforts above, we cannot guarantee that we will be able to retain our key management and key personnel or ensure a smooth implementation of a management succession plan.

2.3 Exposure to loss or damage of reputation and brand

We believe that maintaining and enhancing our brand is critical to expanding our customers base and suppliers base. Maintaining and enhancing our brand will depend largely on our ability to continue to provide practical, useful, reliable and trustworthy products, which we may not do successfully.

As such, any form of unfavourable publicity regarding our products and services or other negative events occurring such as litigation initiated against us could seriously harm our reputation and brand. Such negative publicity could also adversely affect the future engagement of new customers and loyalty of our existing customers and users and result in decreased revenue or slower user growth rates, which could seriously affect our business.

2.4 Dependency on major customers

We are dependent on our existing major customers and are exposed to the risk of delays, claims, reductions or cancellations of orders from customers in general. We are dependent on 3 major customers, who on aggregate, accounted for approximately 54.9% and 57.4% of our revenue for the FYE 2017 and FYE 2018 respectively.

These major customers include Vishay Semiconductor Malaysia Sdn Bhd, Knowles Electronics (M) Sdn Bhd and Interplex Electronics Malaysia Sdn Bhd. Please refer to **Part I: Section 2.8** for more information on our major customers.

There can be no assurance that we will be able to retain these customers or that they will maintain their business relationship with us. If there is a reduction or cessation of orders from these customers for whatever reasons and we are unable to obtain suitable orders of a comparable size and terms in substitution, our business, financial condition and results of operations may be materially and adversely affected. Moreover, any deterioration on their ability to purchase our products and/or to settle their trade receivables in a timely manner will have a material adverse effect on our results of operations.

In addition, we do not maintain long-term contracts with our customers obliging them to place orders with us that would secure future revenue for us. Instead, we sell our products based on individual purchase orders. If our customers decide not to purchase any of our products from us, change any of their products' suppliers or propose new terms of sales unacceptable to us, change their business models, change the raw materials used in their production or other industrial, political or environmental reasons or otherwise, our sales may decline if we are unable to find alternative customers in a timely manner. In such event, our business, financial condition, results of operations and growth prospects may be adversely affected.

2.5 Fluctuation in raw material prices

The raw materials purchased by our Group mainly include precious metals, chemicals, resins and copper alloys - raw blank. For the FYE 2017 and FYE 2018, the cost of raw materials amounted to approximately RM14.0 million and RM17.0 million respectively, representing approximately 55.4% and 55.6% of our total cost of sales respectively. The prices of our raw materials generally follow their respective price trends in the market and vary with industry and macroeconomic conditions. Therefore, there is no assurance that we will be able to pass the increase in the costs of raw materials to our customers in a timely manner or at all to avoid adverse impacts on our profit margins. If we cannot pass the increase in the cost of raw materials to our customers in a timely manner or at all, our profitability, financial condition and results of operations may be materially and adversely affected.

2.6 Unexpected disruptions to production facilities or production processes

Our revenue is dependent on the continued operation of our production facilities. Our production process is subject to operational risks beyond our control including, amongst others, fire, breakdown, failure or substandard performance of our equipment and machinery, power shortage, labour strikes, natural disasters and any interruption in our operations as a result of any failure to comply with all applicable laws, regulations and standards in Malaysia. Frequent or prolonged occurrence of any of the aforesaid events may have a material adverse effect on our business, financial condition and results of operation. If there is any damage to our production facilities, we may not be able to remedy such situations in a timely and proper manner, and our production and hence our ability to manufacture our products in a timely manner could be materially and adversely affected. Any breakdown or malfunction of any of our equipment could cause a material disruption in our operations. Any such disruption in our operations could cause us to reduce or halt our operation, adversely affect our business reputation, increase our costs of production or require us to make unplanned capital expenditures, any one of which could materially and adversely affect our business, financial condition and results of operations.

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PART III: RISK FACTORS

3. MARKET RISKS

3.1 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 our Shares and may lose their entire investment. Any investment in our Shares should be viewed as a long-term investment.

3.2 Trading and performance of our Shares

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 the Group and its operations and some which may affect the business sectors in which the Group operates. These include any regulatory or economic changes affecting the Group's operations, variations in the Group's operating results, developments in the Group's business or its competitors, or to changes in market sentiment towards the Shares, regardless of the Group's performance.

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

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

3.3 Failure/delays in or termination/aborting of our Proposed Listing

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 of Bursa Securities 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.

In the event the 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.

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

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 the 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 the 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 the 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).

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PART IV

EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT

PROVIDENCE STRATEGIC PARTNERS SDN BHD (1238910-A)
L-2-1, Plaza Damas, No. 60, Jalan Sri Hartamas 1,
Sri Hartamas, 50480 Kuala Lumpur, Malaysia.
T: +603 7725 2288

7 August 2018

The Board of Directors
AMLEX HOLDINGS BERHAD
No. 799, Lorong Perindustrian Bukit Minyak 7
Taman Perindustrian Bukit Minyak
14100 Simpang Ampat
Penang
Malaysia.

Dear Sirs,

Industry Overview on the Electronic Packaging and Interconnect Solutions Industry in Malaysia and Global Electronics and Semiconductor Industry in conjunction with the Listing of AMLEX HOLDINGS BERHAD on the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia")

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("PROVIDENCE") has prepared an Industry Overview Report on the Electronic Packaging and Interconnect Solutions Industry in Malaysia and Global Electronics and Semiconductor Industry for inclusion in the Information Memorandum of AMLEX HOLDINGS BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

For and on behalf of PROVIDENCE:

ELIZABETH DHOSS
EXECUTIVE DIRECTOR

1 ELECTRONIC PACKAGING AND INTERCONNECT SOLUTIONS INDUSTRY IN MALAYSIA

SEMICONDUCTOR INDUSTRY

The semiconductor industry encompasses companies involved in the design, fabrication and processing as well as marketing and sale of semiconductor chips or semiconductor integrated circuits ("ICs"). A semiconductor IC is an assembly and integration of more than one semiconductor device on a single thin semiconductor material (i.e. "wafer"). There are two types of semiconductor devices, namely active and passive components. Active semiconductor devices refer to components with the ability to control electric current, and examples of some of these components include diodes and transistors. On the other hand, passive semiconductor devices are supplementary components to active semiconductor devices which are incapable of manipulating electric current flow and do not require electric current to function. Passive semiconductor devices include electronic components such as resistors and capacitors.

Semiconductor ICs are technology enablers for electrical and electronic ("E&E") products used in various industries including consumer electronics, information and communications technology ("ICT"), automotive, medical and manufacturing industries. Hence, the semiconductor industry is highly correlated with the growth of the E&E industry as the demand for E&E products reflects the market for its raw materials, namely semiconductor ICs.

The introduction of semiconductor ICs has revolutionised the E&E industry to create smaller and more powerful E&E products. Today, semiconductor ICs can have up to and over 20 million semiconductor devices integrated into a single electronic circuit, and are progressively reducing in size and increasing in performance. The range of applications for semiconductor ICs in the industry has also broadened dramatically over the last decade, and they now play an essential role in almost every aspect of our lives. At present, the applications for semiconductor ICs are no longer limited to computers, industrial or scientific equipment as well as military and aerospace hardware, but also consumer E&E products which form an integral part of society today such as mobile phones, tablet computers, electronic game systems, televisions, kitchen appliances, as well as electronic systems used in the automotive industry.

In the past, the semiconductor industry comprised integrated device manufacturers ("IDMs"), which are typically brand owners or intellectual property owners of semiconductor ICs for various E&E products. These IDMs were vertically integrated, where its principal activities involved the design, fabrication, assembly, packaging, marketing and sale of these products, as well as the manufacturing of equipment and tools required in manufacturing semiconductor electronic devices. Over the years, as contract outsourcing partners began to emerge, many of these IDMs began to outsource activities such as assembly and packaging as well as electronic equipment manufacturing, placing greater emphasis on design and fabrication in order to achieve economies of scale and reduce manufacturing costs.

E&E INDUSTRY

The market for the E&E industry can be broadly segmented into two (2) main segments, namely the electronics segment comprising consumer electronics, electronic components and industrial electronics; and the electrical segment consisting of various types of electrical products. The consumer electronics market is further segmented into five (5) major categories, namely audio-visual products, cameras, computers and accessories, mobile telecommunication devices and electronic game consoles

E&E market segmentation

Segment	Sub-segment	Description
Electronics	Consumer	Audio-visual products, computers and peripherals, mobile telecommunication devices, cameras and electronic game consoles
	Components	Semiconductors, passive components, printed circuit boards ("PCBs"), metal stamped parts and precision plastic parts
	Industrial	Multimedia and information technology ("IT") products such as computers and computer peripherals, telecommunications equipment, office equipment and box built products for industrial applications
Electrical	Electrical	Distribution boards, control panels, switching apparatus, lightings, transformers, cables and wires, primary cells and batteries, solar cells and modules, air conditioners and household appliances

Source: Malaysian Investment Development Authority ("MIDA")

INDUSTRY VALUE CHAIN

Presently, integrated device manufacturers ("IDMs"), fab-less semiconductor companies and fab-lite semiconductor companies form the backbone of the semiconductor industry. These companies are involved in the design of semiconductor solutions, which are then fabricated in-house or by a foundry. Fabrication typically refers to the manufacturing of ICs where semiconductor devices are formed on a semiconductor wafer, which is a thin silicon-based material, based on a pre-defined circuit pattern. Once fabricated, semiconductor ICs are then sent for assembly, packaging and testing. The assembly process is necessary to protect the semiconductor ICs and enable the dissipation of heat from the semiconductor ICs, as well as facilitate the integration of ICs into electronic systems to manufacture E&E products. After the assembly process, the products created will be packaged in a plastic moulding or ceramic case. Thereafter, the final products manufactured will undergo a series of testing. IDMs generally engage outsourced semiconductor assembly and test ("OSAT") companies to undertake this process.

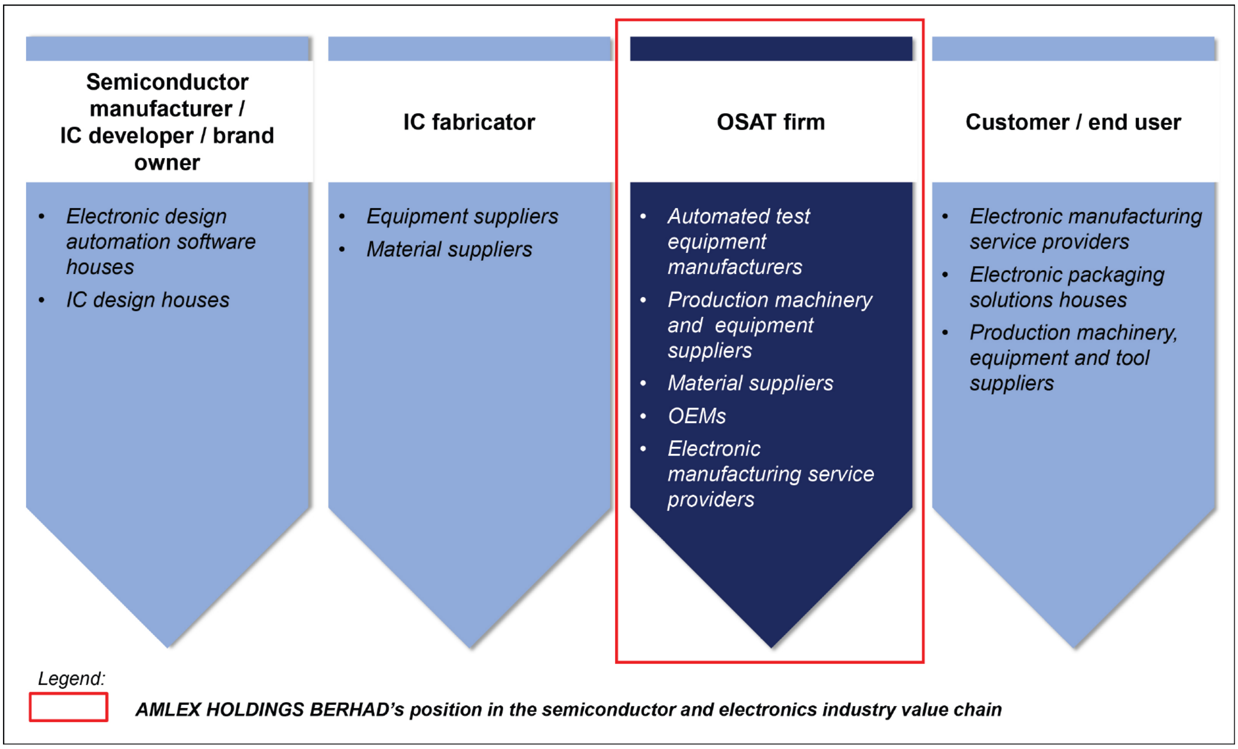
Electronic product companies are ultimately the customers of the semiconductor industry players and examples of these companies include mobile and wireless device companies, automobile manufacturers, as well as other consumer electronic product manufacturers. These companies may also engage electronic packaging solutions services providers (also known as electronic manufacturing service providers) to undertake the manufacturing, assembly, packaging and/or testing of the final E&E products.

The manufacturing of electronics and semiconductor products has become an automated process where precision, speed and quality are critical success factors. As such, the required processes, equipment and tools are highly important components in the manufacturing process as they must allow industry players to meet these three success factors. Due to the intense competition present amongst semiconductor manufacturers, industry players must meet the stipulated delivery time while ensuring the quality of products manufactured.

The electronics value chain experienced change in the early 1980s as brand owners and manufacturers, also known as original equipment manufacturers ("OEMs"), increasingly adopted the services of third party manufacturing firms for contract manufacturing services and electronic packaging solutions. This allowed brand owners to meet the high demand for consumer electronics globally. The use of third party logistics services developed in parallel as OEMs began to recognise the cost saving potential of rationalised and outsourced distribution operations comprising transportation and warehouse management. The outsourcing of product distribution allowed fast growing brands to create a presence in key markets with minimal investments in distribution infrastructure.

Outsourcing further allowed brands to compete in dynamic environments, especially in fast moving consumer goods industries where vertical integration alone does not provide sustainable competitive advantage due to rapidly changing markets and shortened product lifecycles. Over the years, fast growing consumer electronics brands have adopted a similar strategy throughout the growth phase, i.e. to outsource operations when high investments in business infrastructure were an undesirable position in dynamic markets. By changing fixed costs to variable costs, OEMs benefited from lower risks associated with capital investments in manufacturing facilities, positive impact on their profitability in the short term and growth through better availability of working capital in the long term. In selected instances, third party manufacturing firms also manage after sales services such as warranty claims on behalf of OEMs.

Industry value chain



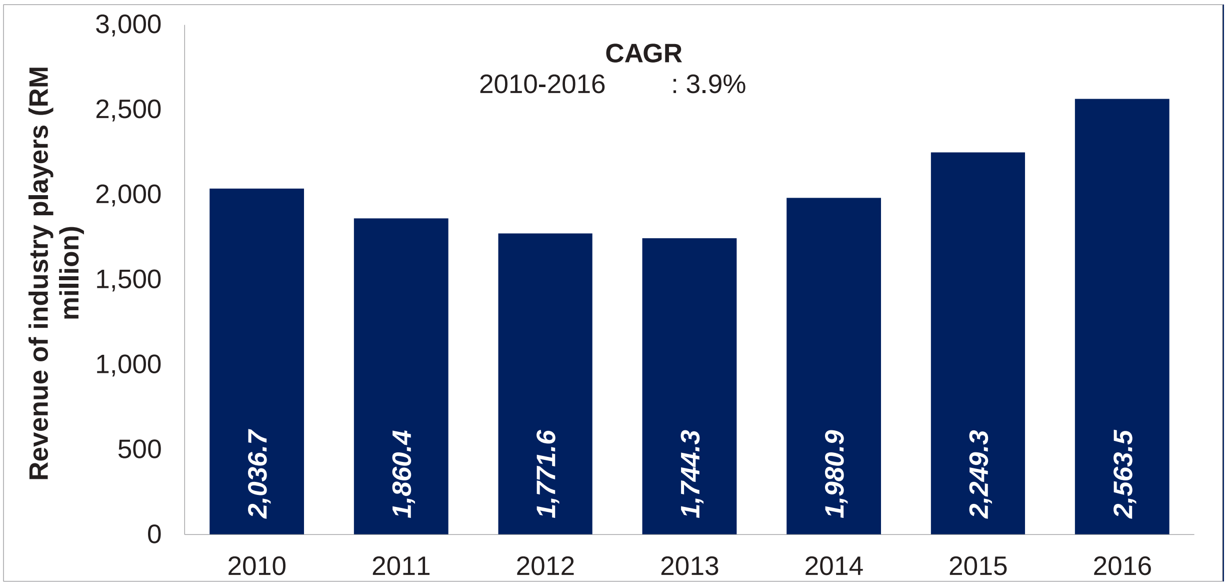
Amlex Holdings Berhad provides electronic packaging and interconnect solutions for the global semiconductor and electronics industry. Through its subsidiaries, Amlex Holdings Berhad manufactures lead frames for ICs, as well as other electronic packaging and interconnect components.

INDUSTRY SIZE AND GROWTH POTENTIAL

The electronic packaging and interconnect solutions industry in Malaysia, specific to the manufacture of lead frames, grew marginally from RM2.0 billion in 2010 to RM2.6 billion in 2016 at a compound annual growth rate ("CAGR") of 3.9%. This was measured based on the revenue of local industry players which are involved in the manufacture of lead frames.

Electronic packaging and interconnect solutions industry players act as strategic outsourcing partners for original equipment manufacturers in E&E industry by assisting them in their manufacturing related activities. As a key manufacturing support to the larger E&E industry, the growth of the electronic packaging and interconnect solutions industry is tied to the development of the E&E industry. Between 2010 and 2016, the gross domestic product of Malaysia's E&E industry grew at a rate of 5.4% from RM42.7 billion to RM58.5 billion, before further increasing to RM63.6 billion in 2017.

Electronic packaging and interconnect solutions industry size in Malaysia



Source: Companies Commission of Malaysia, PROVIDENCE analysis

The electronic packaging and interconnect solutions industry in Malaysia, specific to the manufacture of lead frames, is projected to grow from RM2.6 billion in 2016 to RM3.0 billion in 2021 at a rate of 3.3% on the back of the global E&E industry, where demand for electronic products is on a rise due to its wide range of applications across multiple end-user industries, the convergence of electronics into consumer lifestyles, rapid technological advancements, and increasing global income levels.

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Wide range of applications across multiple end-user industries drives global demand for electronics products

The range of applications for E&E has broadened dramatically over the last couple of decades, and E&E products developed today play essential roles in consumer retail, medical, manufacturing, and telecommunications industries. Many of these industries cannot function without the use of E&E products. For instance, the medical industry requires the use of electronic medical equipment to perform diagnosis, monitoring and treatment of patients. The manufacturing industry today also largely consists of fully or semi-automated manufacturing facilities, and thus electronic machinery and equipment form an integral component of manufacturing activities. The global market for electronic products, based on worldwide production of electronic products, increased from RM5.7 trillion (JPY148.4 trillion)[4] in 2011 to an estimated RM7.6 trillion (JPY197.6 trillion)[5] in 2017, registering a CAGR of 4.9%.

Mobile and wireless devices, which comprise mobile feature phones, smartphones and tablets, have become a necessity as a means of communication and connectivity, particularly in urban areas. The penetration of mobile phones reached 103.5% of the global population, while smartphones had an estimated 30.9% penetration rate in 2017. While mobile cellular subscriptions illustrated a healthy growth of 31.4% in a span of seven years between 2011 and 2017, active mobile broadband (which enables the use of smartphones and tablets) grew eight times faster with a growth of 256.6% during the

[4] *Based on the annual average exchange rate of RM1=JPY26.08 in 2011, sourced from Central Bank of Malaysia*
[5] *Based on the annual average exchange rate of RM1=JPY26.11 in 2017, sourced from Central Bank of Malaysia*

same time period, from 1.2 billion subscriptions in 2011 to an estimated 4.2 billion subscriptions in 2017 and thus, much of the growth of the consumer electronics industry is expected to be driven by the rapidly increasing uptake of smartphones and tablets. Computers have become one of the most used technological items today. In fact, computers enable IT which is the application of computers and other equipment to store, retrieve, transmit and manage digital data. As an increasing volume of digital data is managed and stored globally, IT is increasingly integrated with consumer lifestyles and business operations. In other words, consumers and businesses have become increasingly dependent on computers for connectivity as well as to perform daily tasks such as accessing information and preparing business documents.

The convergence of electronics into consumer lifestyles creates continued demand for electronics

Consumer electronics play an important role in consumer lifestyles today, particularly among urban population, as many use and interact with their devices on a daily basis, where they are widely used in communications, entertainment as well as for office use.

Computers have also become one of the most used technological items today. Computers enable IT, which is the application of computers and other equipment to store, retrieve, transmit and manage digital data. As an increasing volume of digital data is managed and stored globally, IT is increasingly integrated with consumer lifestyles and business operations. As such, consumers and businesses have become increasingly dependent on computers for connectivity as well as to perform daily tasks such as accessing information and preparing business documents.

Rapid technological advancements drive consumer electronics sales

Moving forward, it is expected that the number of electronic products which are integrated with the lifestyle of today’s society will only increase further. Rapid technological developments within the electronics industry will continue to promote new product launches as industry players (i.e. manufacturers and/or brand owners) continuously launch new products to ensure they remain competitive and are not obsolete.

The electronics industry has seen developments in terms of performance, size and technology of various products. For instance, computers have transformed from when it was first introduced in 1961 as mainframe computers, to the current portable size of notebooks / laptops today. Within the last few years, new computer models were constantly introduced to the market with advancements made in terms of its processor performance and reductions in weight and size. Likewise, mobile phones have experienced similar advancements in the 21st century, in terms of its design, performance, features and reductions in weight. Mobile phones are no longer just a telecommunication tool for making telephone calls and sending and receiving messages; more advanced smartphones now have functions for internet access, photography, data storage, entertainment and social media networking. Computers and laptops have evolved in recent years from the traditional keyboard and touchpad interface to touch technology that adds touch and gesture functionalities through touchscreen monitors on these devices. Computers and laptops with touch technology allow users to touch, tap and swipe touchscreen monitors to carry out various tasks on these devices.

Consumers are highly receptive to these new product innovations, resulting in relatively shorter product lifecycles for most electronic products, and especially consumer electronics. As a result, new and enhanced versions of products are constantly introduced to the market, and these new introductions have been the key driving factor for electronics sales.

Increasing global income levels have made consumer electronics within economic reach of larger portions of the global population

Economic development and increased global trade have led to increased economic activity in more integrated global markets, resulting in rising global income levels. These effects have varying distribution effects worldwide as populations in more economically developed regions have historically on average enjoyed higher proportions of income compared to developing regions. However, developing regions have a greater proportion of unlocked economic potential that may be capitalised moving forward. These rising income levels and wealth creation have led to increased prosperity and the increased availability of products and services to sections of the global population to whom these products and services are within economic reach.

Increasing GDP per capita translates to increased economic prosperity and thus, greater purchasing power for essential and non-essential goods such as consumer electronics for a larger segment of society. The demand for touchscreen laptops and computers will be driven by the pervasive use of laptops and computers globally arising from the growth in global income levels that have made these devices within economic reach of larger portions of the global population. Continued global economic growth and GDP per capita, particularly in developing regions, creates growth potential for the consumer electronics industry moving forward, which would ultimately benefit industry players that are involved in the consumer electronics manufacturing value chain.

COMPETITIVE LANDSCAPE

Electronic packaging solutions refer to the placement of dies or boards inside a protective package that provides connectors or pins for connecting to other devices. Types of electronic packaging include, but is not limited to, single in-line packages, dual in-line packages, and micro lead frame packages. Electronic packaging solutions are typically carried out by the outsourced semiconductor assembly and test industry, which provides third party packaging and test services.

Amlex Holdings Berhad provides electronic packaging and interconnect solutions for the global semiconductor and electronics industry. Through its subsidiaries, Amlex Holdings Berhad manufactures lead frames for ICs, as well as other electronic packaging and interconnect components.

For the financial year ended 31 March 2018, Amlex Holdings Berhad's revenue amounted to RM39.3 million. Based on Amlex Holdings Berhad's revenue, relative to the revenues of other lead frame manufacturers in Malaysia (from the latest available financial statements of each competitor), Amlex Holdings Berhad registered a market share of 3.1%.

Performance of lead frame manufacturers in Malaysia

Industry player	Latest available financial year ended	Revenue (RM)
AEL Engineering Sdn Bhd	30 June 2017	64,232,524
Amlex Holdings Berhad	31 March 2018	39,250,848
ASM Technology (M) Sdn Bhd [a]	31 December 2016	555,174,441
Dufu Industries Sdn Bhd [b]	31 December 2016	139,174,983
Dynacraft Industries Sdn Bhd [c]	30 June 2017	154,000,287
Interplex Electronics Malaysia Sdn Bhd	30 June 2017	26,348,312
MEMScom Technology Sdn Bhd	31 May 2017	3,933,750
Nichiden Seimitsu (M) Sdn Bhd	31 August 2017	31,312,630
Optosem Technologies Sdn Bhd	31 December 2016	26,115,736 [d]
Possehl Electronics (Malaysia) Sdn Bhd [e]	31 December 2016	173,188,566
Rokko Technology Sdn Bhd [f]	31 December 2016	17,589,744
VSP Technology (M) Sdn Bhd	31 December 2016	23,363,229

Notes:
[a] ASM Technology (M) Sdn Bhd is a wholly-owned subsidiary of ASM Pacific Technology Ltd
[b] Dufu Industries Sdn Bhd is a subsidiary of Dufu Technology Corp Berhad
[c] Dynacraft Industries Sdn Bhd is a subsidiary of Malaysian Pacific Industries Berhad, which in turn is a member of Hong Leong Group Malaysia
[d] Optosem Technologies Sdn Bhd changed its financial year end from 30 September to 31 December in 2016, and as such, the 2016 revenue figure is for the period 1 October 2015 to 31 December 2016
[e] Possehl Electronics (Malaysia) Sdn Bhd is a subsidiary of Possehl Electronics N.V, and a part of the Possehl Electronics Group
[f] Rokko Technology Sdn Bhd is a subsidiary of Rokko Technology Pte Ltd
Financial performance indicators of listed industry players were extracted from the latest available annual returns filed with the Companies Commission of Malaysia as at 2 August 2018

Source: Companies Commission of Malaysia, PROVIDENCE analysis

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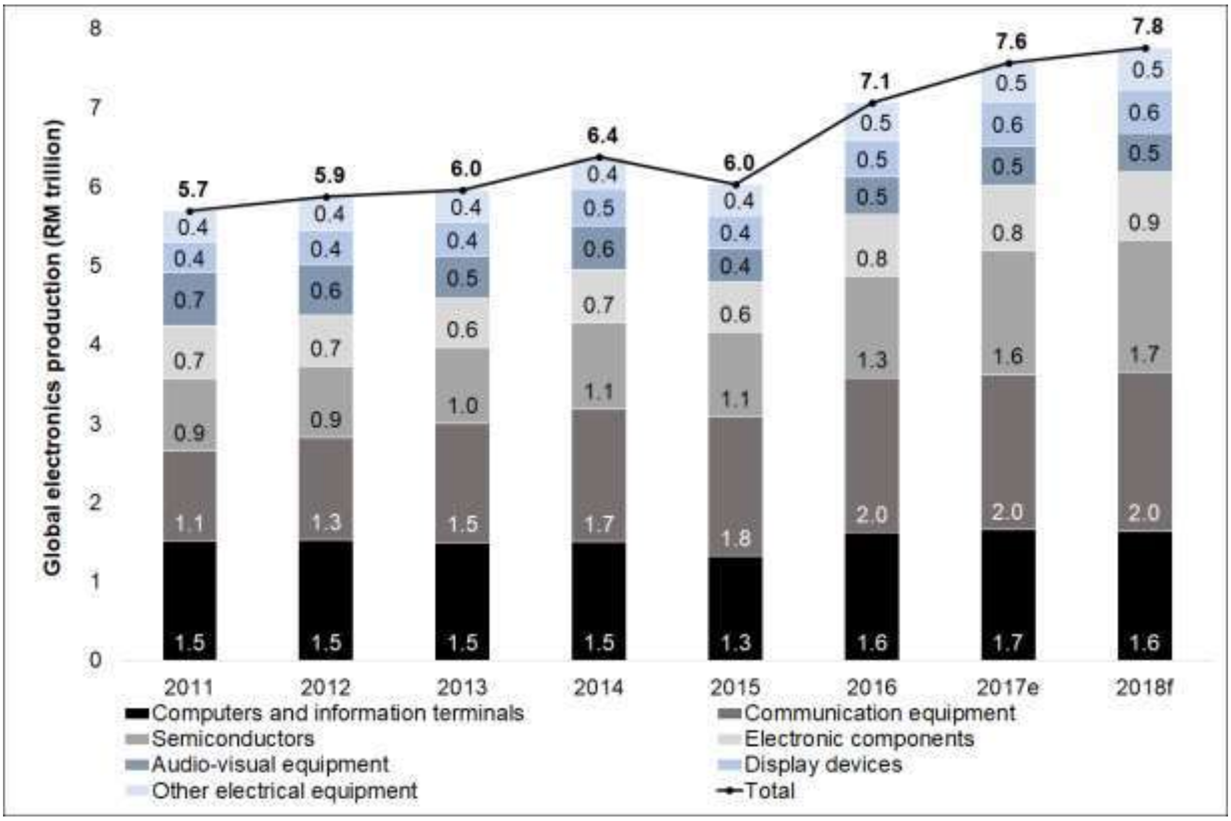
2 GLOBAL ELECTRONICS AND SEMICONDUCTOR INDUSTRY

INDUSTRY SIZE AND GROWTH POTENTIAL

The global market for electronic products, based on worldwide production of electronic products, increased from RM5.7 trillion (JPY148.4 trillion)[6] in 2011 to an estimated RM7.6 trillion (JPY197.6 trillion)[7] in 2017, registering a CAGR of 4.9%.

Global production of electronic products by segment



Notes:
(i) e – estimates
(ii) f – forecast
(iii) Latest available as at 2 August 2018

Source: Japan Electronics and Information Technology Industries Association (JEITA), PROVIDENCE

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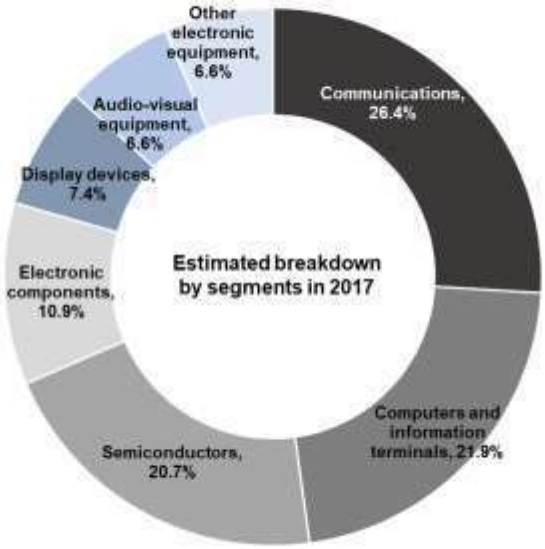
[6] *Based on the annual average exchange rate of RM1=JPY26.08 in 2011, sourced from Central Bank of Malaysia*
[7] *Based on the annual average exchange rate of RM1= JPY26.11 in 2017, sourced from Central Bank of Malaysia*

From the total worldwide electrical and electronic product sales in 2017, communication equipment, computers and information terminals and semiconductors collectively comprised a significant portion, at an estimated 68.5%. Electronic components, audio-visual equipment and display devices comprised an estimated 24.9%, while other electronic equipment comprised the remaining estimated 6.6%. Global production of electronic products is forecast to reach RM7.8 trillion (JPY202.5 trillion)[8] in 2018.

Growth of the global electronics and semiconductor industry is driven by the wide range of applications for electronics across multiple end-user industries, the convergence of electronics into consumer lifestyles, rapid technological advancements, and increasing global income levels. Further details for the growth factors can be found in **Chapter 1 – Electronic Packaging and Interconnect Solutions Industry in Malaysia – Demand Conditions: Key Growth Drivers**.

Breakdown of global production of electronic products by segment in 2017



Source: Japan Electronics and Information Technology Industries Association (JEITA), PROVIDENCE

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[8] *Based on the annual average exchange rate of RM1= JPY26.11 in 2017 as the annual average exchange rates for 2018 are not available as at the publication of this report, sourced from Central Bank of Malaysia*

3 PROSPECTS AND OUTLOOK FOR AMLEX HOLDINGS BERHAD

The semiconductor industry encompasses companies involved in the design, fabrication and processing as well as marketing and sale of semiconductor chips or semiconductor ICs. A semiconductor IC is an assembly and integration of more than one semiconductor device on a single thin semiconductor material (i.e. “wafer”). Semiconductor ICs are technology enablers for E&E products used in various industries including consumer electronics, ICT, automotive, medical and manufacturing industries. Hence, the semiconductor industry is highly correlated with the growth of the E&E industry as the demand for E&E products reflects the market for its raw materials, namely semiconductor ICs.

The global market for electronic products, based on worldwide production of electronic products, increased from RM5.7 trillion (JPY148.4 trillion)[9] in 2011 to an estimated RM7.6 trillion (JPY197.6 trillion)[10] in 2017, registering a CAGR of 4.9%. From the total worldwide electrical and electronic product sales in 2017, communication equipment, computers and information terminals and semiconductors collectively comprised a significant portion, at an estimated 68.5%. Electronic components, audio-visual equipment and display devices comprised an estimated 24.9%, while other electronic equipment comprised the remaining estimated 6.6%. Global production of electronic products is forecast to reach RM7.8 trillion (JPY202.5 trillion)[11] in 2018.

Mobile and wireless devices, which comprise mobile feature phones, smartphones and tablets, have become a necessity as a means of communication and connectivity, particularly in urban areas. The penetration of mobile phones reached 103.5% of the global population, while smartphones had an estimated 30.9% penetration rate in 2017. While mobile cellular subscriptions illustrated a healthy growth of 31.4% in a span of seven years between 2011 and 2017, active mobile broadband (which enables the use of smartphones and tablets) grew eight times faster with a growth of 256.6% during the same time period, from 1.2 billion subscriptions in 2011 to an estimated 4.2 billion subscriptions in 2017 and thus, much of the growth of the consumer electronics industry is expected to be driven by the rapidly increasing uptake of smartphones and tablets.

The electronic packaging and interconnect solutions industry in Malaysia, specific to the manufacture of lead frames, grew marginally from RM2.0 billion in 2010 to RM2.6 billion in 2016 at a CAGR of 3.9%. This was measured based on the revenue of local industry players which are involved in the manufacture of lead frames. The electronic packaging and interconnect solutions industry in Malaysia, specific to the manufacture of lead frames, is projected to grow from RM2.6 billion in 2016 to RM3.0 billion in 2021 at a rate of 3.3% on the back of the global E&E industry.

Electronic packaging and interconnect solutions industry players act as strategic outsourcing partners for original equipment manufacturers in E&E industry by assisting them in their manufacturing related activities. As a key manufacturing support to the larger E&E industry, the growth of the electronic packaging and interconnect solutions industry is tied to the development of the E&E industry. Between 2010 and 2016, the gross domestic product of Malaysia’s E&E industry grew at a rate of 5.4% from RM42.7 billion to RM58.5 billion, before further increasing to RM63.6 billion in 2017.PROVIDENCE believes that the prospects of Amlex Holdings Berhad will be supported by the growth in the global electronics and semiconductor industry which is driven by the wide range of applications for electronics across multiple end-user industries, the convergence of electronics into consumer lifestyles, rapid technological advancements, and increasing global income level.

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[9] *Based on the annual average exchange rate of RM1=JPY26.08 in 2011, sourced from Central Bank of Malaysia*
[10] *Based on the annual average exchange rate of RM1= JPY26.11 in 2017, sourced from Central Bank of Malaysia*
[11] *Based on the annual average exchange rate of RM1= JPY26.11 in 2017 as the annual average exchange rates for 2018 are not available as at the publication of this report, sourced from Central Bank of Malaysia*

PART V

AUDITED FINANCIAL STATEMENTS OF AMLEX TECHNOLOGY SDN BHD FOR FYE 31 MARCH 2018

AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of electroplating, assembly of semiconductor and electronic products.

There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	2,150,121	1,848,406

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend payment of any dividends in respect of the financial year ended 31 March 2018.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

BAD AND DOUBTFUL DEBTS (CONTINUED)

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liabilities of the Group and of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Lim Say Soon*
Lim Say Peng*
Tan Beng Teik* (Resigned on 30 July 2018)
Yap Soon Hin*
Khoo Beng Leng

* Directors of the Company and the subsidiary

Other than as stated above, the name of the director of the subsidiary of the Company in office during the financial year and during the period from end of the financial year to the date of this report is:

Thomson A/L Victor Joseph

AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interest in the Company

	Number of ordinary shares			
	At 1 April 2017	Alloted	Sold	At 31 March 2018
Direct interests:				
Lim Say Soon	3,032,890	121,315	-	3,154,205
Lim Say Peng	2,128,220	85,129	-	2,213,349
Yap Soon Hin	350,000	14,000	-	364,000

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 21 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

INDEMNITY TO DIRECTORS AND OFFICER

During the financial year, there was no indemnity coverage and insurance premium paid for the directors and officers of the Company.

SUBSIDIARY

The details of the Company's subsidiary is disclosed in Note 6 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event subsequent to the end of the financial year are disclosed in Note 29 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 20 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

....
LIM SAY PENG
Director

....
LIM SAY SOON
Director

Date: 31 July 2018

AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2018

		Group		Company	
		2018	2017 (Restated)	2018	2017 (Restated)
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	30,334,330	27,576,445	18,454,394	17,386,912
Investment in a subsidiary	6	-	-	5,386,831	2,000,000
Total non-current assets		**30,334,330**	**27,576,445**	**23,841,225**	**19,386,912**
Current assets					
Inventories	7	5,503,926	3,549,263	4,273,710	2,269,175
Current tax assets		433,868	308,429	28,220	137,512
Trade and other receivables	8	8,742,641	6,061,721	9,802,743	9,276,263
Cash and short-term deposits	9	1,077,867	2,014,465	849,514	1,688,085
Total current assets		**15,758,302**	**11,933,878**	**14,954,187**	**13,371,035**
TOTAL ASSETS		**46,092,632**	**39,510,323**	**38,795,412**	**32,757,947**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	10	9,100,000	8,750,000	9,100,000	8,750,000
Share premium	11	-	350,000	-	350,000
Revaluation reserve	12	3,883,265	2,601,725	3,883,265	2,601,725
Retained earnings		9,806,345	7,656,224	5,522,462	3,674,056
TOTAL EQUITY		**22,789,610**	**19,357,949**	**18,505,727**	**15,375,781**

AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2018 (CONTINUED)

		Group		Company	
		2018	2017 (Restated)	2018	2017 (Restated)
	Note	RM	RM	RM	RM
Non-current liabilities					
Loans and borrowings	13	6,751,911	6,432,345	5,820,286	5,744,635
Deferred income	14	-	58,075	-	58,075
Deferred tax liabilities	15	3,833,010	3,491,410	2,851,100	2,531,700
Total non-current liabilities		**10,584,921**	**9,981,830**	**8,671,386**	**8,334,410**
Current liabilities					
Trade and other payables	16	5,724,572	5,802,857	5,171,997	5,006,018
Deferred income	14	32,926	-	32,926	-
Loans and borrowings	13	6,960,603	4,367,687	6,413,376	4,041,738
Total current liabilities		**12,718,101**	**10,170,544**	**11,618,299**	**9,047,756**
TOTAL LIABILITIES		**23,303,022**	**20,152,374**	**20,289,685**	**17,382,166**
TOTAL EQUITY AND LIABILITIES		**46,092,632**	**39,510,323**	**38,795,412**	**32,757,947**

The accompanying notes form an integral part of these financial statements.

AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Revenue	17	39,250,848	32,557,574	39,250,849	32,557,574
Cost of sales		(31,467,622)	(26,066,592)	(32,632,297)	(28,051,944)
Gross profit		**7,783,226**	**6,490,982**	**6,618,552**	**4,505,630**
Other income	18	64,494	347,149	278,485	559,414
Distribution expenses		(793,847)	(635,484)	(792,129)	(633,726)
Administrative expenses		(3,184,715)	(3,215,494)	(2,746,173)	(2,816,049)
Other expenses		(49,897)	(103,119)	(86,495)	(41,423)
Operating profit		**3,819,261**	**2,884,034**	**3,272,240**	**1,573,846**
Finance costs	19	(797,905)	(775,495)	(692,702)	(751,101)
Profit before tax	20	3,021,356	2,108,539	2,579,538	822,745
Income tax expense	22	(871,235)	(358,121)	(731,132)	(126,242)
Profit for the financial year		**2,150,121**	**1,750,418**	**1,848,406**	**696,503**
Other comprehensive income, net of tax					
Surplus on revaluation of properties		1,281,540	-	1,281,540	-
Total comprehensive income for the financial year		**3,431,661**	**1,750,418**	**3,129,946**	**696,503**

The accompanying notes form an integral part of these financial statements.

AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Group	Note	← Attributable to the owners of the Company → Share capital RM	Share premium RM	Revaluation reserve RM	Retained earnings RM	Total equity RM
At 1 April 2016						
- As previously reported		8,750,000	350,000	3,458,925	5,905,806	18,464,731
- Prior year adjustment	28	-	-	(800,100)	-	(800,100)
Restated balance at 1 April 2016		8,750,000	350,000	2,658,825	5,905,806	17,664,631
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income for the financial year						
- As previously reported		-	-	-	1,693,318	1,693,318
- Prior year adjustment		-	-	(57,100)	57,100	-
At 31 March 2017		**8,750,000**	**350,000**	**2,601,725**	**7,656,224**	**19,357,949**
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	2,150,121	2,150,121
Other comprehensive income for the year		-	-	1,281,540	-	1,281,540
Total comprehensive income		-	-	1,281,540	2,150,121	3,431,661
Transition to no-par value regime	10	350,000	(350,000)	-	-	-
At 31 March 2018		**9,100,000**	-	**3,883,265**	**9,806,345**	**22,789,610**

AMLEX TECHNOLOGY SDN. BHD.
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

Company	Note	← Attributable to the owners of the Company → Share capital RM	Share premium RM	Revaluation reserve RM	Retained earnings RM	Total equity RM
At 1 April 2016						
- As previously reported		8,750,000	350,000	3,458,925	2,977,553	15,536,478
- Prior year adjustment	28	-	-	(800,100)	-	(800,100)
Restated balance at 1 April 2016		8,750,000	350,000	2,658,825	2,977,553	14,736,378
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income for the financial year						
- As previously reported		-	-	-	639,403	639,403
- Prior year adjustment		-	-	(57,100)	57,100	-
At 31 March 2017		**8,750,000**	**350,000**	**2,601,725**	**3,674,056**	**15,375,781**
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	1,848,406	1,848,406
Other comprehensive income for the year		-	-	1,281,540	-	1,281,540
Total comprehensive income		-	-	1,281,540	1,848,406	3,129,946
Transition to no-par value regime	10	350,000	(350,000)	-	-	-
At 31 March 2018		**9,100,000**	**-**	**3,883,265**	**5,522,462**	**18,505,727**

The accompanying notes form an integral part of these financial statements.

AMLEX TECHNOLOGY SDN. BHD.
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Cash flows from operating activities					
Profit before tax:		3,021,356	2,108,539	2,579,538	822,745
Adjustments for:					
Depreciation on property, plant and equipment		4,104,193	3,142,744	1,755,157	1,680,402
Property, plant and equipment written off		-	1,818	-	1,818
Amortisation of government grant		(25,149)	(25,149)	(25,149)	(25,149)
Finance costs		797,905	775,495	692,702	751,101
Finance income		(5,260)	(4,828)	(3,251)	(2,775)
Unrealised loss on foreign exchange		3,898	103,119	15,379	41,423
Operating profit before changes in working capital		7,896,943	6,101,738	5,014,376	3,269,565
Changes in working capital:					
Inventories		(1,954,663)	(320,144)	(2,004,535)	(75,142)
Trade and other receivables		(2,703,147)	(1,672,335)	905,206	(1,686,297)
Trade and other payables		(59,956)	2,026,278	184,308	2,173,318
Net cash generated from operations		3,179,177	6,135,537	4,099,355	3,681,444
Income tax paid		(1,059,774)	(961,556)	(707,140)	(851,792)
Interest received		5,260	4,828	3,251	2,775
Interest paid		(169,375)	(236,503)	(162,832)	(228,549)
Net cash generated from operating activities		1,955,288	4,942,306	3,232,634	2,603,878
Cash flows from investing activities					
Purchase of property, plant and equipment	(b)	(4,689,214)	(6,791,871)	(1,136,399)	(5,131,411)
Proceeds from disposal of property, plant and equipment		-	-	-	721,681
Advances to a subsidiary		-	-	(3,386,831)	-
Change in pledged deposits		(25,240)	(104,799)	(3,232)	(102,746)
Net cash used in investing activities		(4,714,454)	(6,896,670)	(4,526,462)	(4,512,476)

AMLEX TECHNOLOGY SDN. BHD.
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM**	**RM**	**RM**	**RM**
Cash flows from financing activities	(c)				
Interest paid		(628,530)	(538,992)	(529,870)	(522,552)
Repayment of finance lease liabilities		(545,108)	(318,217)	(145,908)	(175,190)
Net changes in bankers acceptance		1,890,000	(345,356)	1,890,000	(345,356)
Net changes in term loans		720,263	3,410,887	342,494	3,415,135
Net changes in amount owing by a subsidiary		-	-	(1,465,394)	(487,044)
Net cash from financing activities		1,436,625	2,208,322	91,322	1,884,993
Net (decrease)/increase in cash and cash equivalents		(1,322,541)	253,958	(1,202,506)	(23,605)
Cash and cash equivalents at the beginning of the financial year		161,705	(92,253)	(100,168)	(76,563)
Cash and cash equivalents at the end of the financial year	(a)	**(1,160,836)**	**161,705**	**(1,302,674)**	**(100,168)**

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

(a) For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Short-term deposits	192,493	167,253	105,978	102,746
Less: Pledged deposits	(192,493)	(167,253)	(105,978)	(102,746)
	-	-	-	-
Cash and bank balances	885,374	1,847,212	743,536	1,585,339
Bank overdrafts	(2,046,210)	(1,685,507)	(2,046,210)	(1,685,507)
	(1,160,836)	161,705	(1,302,674)	(100,168)

(b) Purchase of property, plant and equipment:

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Purchase of property, plant and equipment	5	5,175,838	7,792,329	1,136,399	5,131,411
Financed by way of finance lease arrangements		(486,624)	(1,000,458)	-	-
Cash payments on purchase of property, plant and equipment		4,689,214	6,791,871	1,136,399	5,131,411

(c) Reconciliation of liabilities arising from financing activities

Changes in liabilities arising from financing activities comprise of net cash flows from the repayment of finance lease liabilities, term loans, bankers' acceptance and amount owing by a subsidiary during the financial year. There were no non-cash changes in liabilities arising from financing activities.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Amlex Technology Sdn Bhd. (the "Company") is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of business of the Company is located at No. 9-1, 9th Floor, Wisma Penang Garden, 42, Jalan Sultan Ahmad Shah, 10050 Penang. The principal place of business of the Company is located at No.799, Lorong Perindustrian Bukit Minyak 7, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang.

The Company is principally engaged in the business of electro-plating, assembly of semiconductor and electronic products. The principal activity of the subsidiary is disclosed in Note 6. There have been no significant changes in the nature of these activities during the financial year.

There has been no significant change in the nature of this principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 July 2018.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 12	Disclosure of Interests in Other Entities
MFRS 107	Statement of Cash Flows
MFRS 112	Income Taxes

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018/ 1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ 1 January 2019/ Deferred
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective (continued)

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (continued)		
MFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC 132	Intangible Assets – Web Site Costs	1 January 2020*

* *Amendments to References to the Conceptual Framework in MFRS Standards*

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective (continued)

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective (continued)

MFRS 15 Revenue from Contract with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligation in the contract; and
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Int 13	Customer Loyalty Programmes
IC Int 15	Agreements for the Construction of Real Estate
IC Int 18	Transfers of Assets from Customers
IC Int 131	Revenue – Barter Transactions Involving Advertising Services

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statements of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective (continued)

MFRS 17 Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at:

(i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus
(ii) an amount representing the unearned profit in the group of contracts. Profits from the group of insurance contracts are recognized over the insurance coverage period. In addition, insurance revenue is presented separately from insurance finance income or expenses.

For insurance contracts with coverage period of one year or less, MFRS 17 allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period.

Amendments to MFRS 1 First-time Adoption of MFRSs

Amendments to MFRS 1 deleted the short-term exemptions that relate to MFRS 7 *Financial Instruments: Disclosure*, MFRS 119 *Employee Benefits* and MFRS 10 *Consolidated Financial Statements* because they are no longer applicable.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:

(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective (continued)

Amendments to MFRS 4 Insurance Contracts

Amendments to MFRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective (continued)

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective (continued)

IC Int 23 Uncertainty over Income Tax Treatments

IC Int clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

2.3.2 The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs and new IC Int.

2. BASIS OF PREPARATION (CONTINUED)

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. It also required directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiary and business combination

Subsidiary is entity (including structured entity) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees. The financial statements of subsidiary are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees. The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiary and business combination (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture or an available-for-sale financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

3.2 Separate financial statements

In the Company's statement of financial position, investment in a subsidiary is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would required for impairment of non-financial assets is disclosed in Note 3.9(b).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions

Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the dates of the transactions dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company.

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

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 as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to the initial recognition, the financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

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

Loans and receivables

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

Subsequent to the initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9(a). Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to the initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9(a). Gains and losses are recognised in profit or loss through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to the initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which 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. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9(a).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows:

(ii) Financial liabilities

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to the initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

<u>Other financial liabilities</u>

Subsequent to the initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified 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 instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to the initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(c) 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 in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Company itself purchases or sells an asset). Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) 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.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is currently an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment

(a) Recognition and measurement

In accordance with MFRS 116, an entity has a policy choice for the measurement of property, plant and equipment after initial recognition. An entity may choose either the cost model or the revaluation model for entire classes of property, plant and equipment.

Property, plant and equipment (other than land and buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9(b).

Leasehold land and buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the leasehold land and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred in full directly to retained earnings when the asset is derecognised.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.14.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (Continued)

(a) Recognition and measurement (continued)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(b) Subsequent costs

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

(c) Depreciation

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Leasehold land	Over lease period of 39 and 48 years
Leasehold buildings	Over lease period of 39 and 48 years
Plant and machineries	10 - 15 years
Tools and equipments	4 - 10 years
Computer systems	5 years
Factory renovation and electrical installation	10 years
Equipment, furniture and fittings	10 years
Motor vehicles	10 years

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (continued)

(d) Derecognition

An item of property, 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 recognised in profit or loss.

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet these criteria are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the period in which they are incurred.

The capitalised leased asset is classified by nature as property or plant and equipment.

For operating leases, the Group and the Company does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.7 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and fixed deposits placed with licensed banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change of value. Cash and cash equivalents are presented net of bank overdrafts.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on weighted average basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised at fair value through profit or loss and investment in subsidiaries) are assessed 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 financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtor or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, an where observable date indicates that there is a measureable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

<u>Loans and receivables and held-to-maturity investments</u>

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment of assets (continued)

(a) Impairment and uncollectibility of financial assets (continued)

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where there is objective evidence that the asset is impaired, the decline in the fair value of an available-for-sale financial asset together with the cumulative loss recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortization) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment of assets (continued)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the assets' recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset of a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds the recoverable amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU of groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit of groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalues with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognized in equity in the period in which they are declared.

3.11 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group and the Company contributes to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.12 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

(a) Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with

Where the grant relates to an asset, it is recognised as deferred income in the statements of financial position and transferred to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed

The benefit derived from a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates

3.14 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

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

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Income tax (continued)

(b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3.16 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Fair value measurements (continued)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.17 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:
(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial years include the following:

4.1 Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.5, the Group and the Company review the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 5.

4.2 Impairment of financial assets

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables are impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Groups and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 23(a).

4.3 Measurement of income taxes

Significant judgement is required in determining the Group's and the Company's estimation for current and deferred taxes. When the final outcome of the tax payable is determined with the tax authorities, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expenses of the Group and the Company are disclosed in Note 22.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.4 Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be irrecoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The Group and the Company use fair value less cost to sell as the recoverable amount. Fair values are arrived at using comparison method and valuation technique method to suit the assets characteristic of the Group and the Company.

The carrying amount of non-financial assets are disclosed in Notes 5 and 6.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

Group 2018	Leasehold land RM	Leasehold buildings RM	Plant and machineries RM	Tools and equipments RM	Computer systems RM	Factory renovation and electrical installation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Machinery in progress RM	Total RM
Cost/Revaluation										
At 1 April 2017	3,345,203	5,983,451	20,327,406	15,292,375	852,463	794,386	551,623	206,163	11,400	47,364,470
Additions	-	-	849,421	4,138,792	27,395	85,824	30,294	-	44,112	5,175,838
Revaluation	629,797	541,549	-	-	-	-	-	-	-	1,171,346
Transfer	-	-	-	11,400	-	-	-	-	(11,400)	-
Written off	-	-	-	-	(350)	-	(5,400)	-	-	(5,750)
At 31 March 2018	3,975,000	6,525,000	21,176,827	19,442,567	879,508	880,210	576,517	206,163	44,112	53,705,904

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group

2018	Leasehold land RM	Leasehold buildings RM	Plant and machineries RM	Tools and equipments RM	Computer systems RM	Factory renovation and electrical installation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Machinery in progress RM	Total RM
Accumulated depreciation										
At 1 April 2017	110,199	195,049	10,874,791	6,790,297	517,729	632,582	544,004	123,374	-	19,788,025
Depreciation for the financial year	83,882	148,878	1,344,316	2,316,793	112,459	45,663	36,989	15,213	-	4,104,193
Elimination of accumulated depreciation on revaluation	(185,333)	(329,561)	-	-	-	-	-	-	-	(514,894)
Written off	-	-	-	-	(350)	-	(5,400)	-	-	(5,750)
At 31 March 2018	8,748	14,366	12,219,107	9,107,090	629,838	678,245	575,593	138,587	-	23,371,574
Carrying amount:										
At cost	-	-	8,957,720	10,335,477	249,670	201,965	924	67,576	44,112	19,857,444
At revaluation	3,966,252	6,510,634	-	-	-	-	-	-	-	10,476,886
At 31 March 2018	3,966,252	6,510,634	8,957,720	10,335,477	249,670	201,965	924	67,576	44,112	30,334,330

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group

2017	Leasehold land RM	Leasehold buildings RM	Plant and machineries RM	Tools and equipments RM	Computer systems RM	Factory renovation and electrical installation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Machinery in progress RM	Total RM
Cost/Revaluation										
At 1 April 2016	2,000,000	3,500,000	19,333,902	12,324,513	794,184	771,902	520,525	206,163	140,188	39,591,377
Additions	1,345,203	2,483,451	853,836	2,969,162	73,679	22,484	33,114	-	11,400	7,792,329
Transfer	-	-	140,188	-	-	-	-	-	(140,188)	-
Written off	-	-	(520)	(1,300)	(15,400)	-	(2,016)	-	-	(19,236)
At 31 March 2017	3,345,203	5,983,451	20,327,406	15,292,375	852,463	794,386	551,623	206,163	11,400	47,364,470
Representing:										
At cost	-	-	20,327,406	15,292,375	852,463	794,386	551,623	206,163	11,400	38,035,816
At valuation	3,345,203	5,983,451	-	-	-	-	-	-	-	9,328,654
At 31 March 2017	3,345,203	5,983,451	20,327,406	15,292,375	852,463	794,386	551,623	206,163	11,400	47,364,470

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2017	Leasehold land RM	Leasehold buildings RM	Plant and machineries RM	Tools and equipments RM	Computer systems RM	Factory renovation and electrical installation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Machinery in progress RM	Total RM
Accumulated depreciation										
At 1 April 2016	39,683	69,444	9,572,243	5,364,731	425,469	577,537	505,476	108,116	-	16,662,699
Depreciation for the financial year	70,516	125,605	1,302,944	1,426,866	106,186	55,045	40,324	15,258	-	3,142,744
Written off	-	-	(396)	(1,300)	(13,926)	-	(1,796)	-	-	(17,418)
At 31 March 2017	110,199	195,049	10,874,791	6,790,297	517,729	632,582	544,004	123,374	-	19,788,025
Carrying amount:										
At cost	-	-	9,452,615	8,502,078	334,734	161,804	7,619	82,789	11,400	18,553,039
At valuation	3,235,004	5,788,402	-	-	-	-	-	-	-	9,023,406
At 31 March 2017	3,235,004	5,788,402	9,452,615	8,502,078	334,734	161,804	7,619	82,789	11,400	27,576,445

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

2018	Leasehold land RM	Leasehold buildings RM	Plant and machineries RM	Tools and equipments RM	Computer systems RM	Factory renovation and electrical installation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Machinery in progress RM	Total RM
Cost/Revaluation										
At 1 April 2017	3,345,203	5,983,451	15,456,687	3,696,712	733,610	660,027	471,677	109,331	11,400	30,468,098
Additions	-	-	222,247	775,240	14,755	62,824	17,221	-	44,112	1,136,399
Revaluation	629,797	541,549	-	-	-	-	-	-	-	1,171,346
Transfer	-	-	-	11,400	-	-	-	-	(11,400)	-
Written off	-	-	-	-	-	-	(5,400)	-	-	(5,400)
At 31 March 2018	3,975,000	6,525,000	15,678,934	4,483,352	748,365	722,851	483,498	109,331	44,112	32,770,443

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

2018	Leasehold land RM	Leasehold buildings RM	Plant and machineries RM	Tools and equipments RM	Computer systems RM	Factory renovation and electrical installation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Machinery in progress RM	Total RM
Accumulated depreciation										
At 1 April 2017	110,199	195,049	8,861,792	2,454,470	459,715	531,571	368,786	99,604	-	13,081,186
Depreciation for the financial year	83,882	148,878	1,013,548	344,875	94,521	33,586	30,334	5,533	-	1,755,157
Elimination of accumulated depreciation on revaluation	(185,333)	(329,561)	-	-	-	-	-	-	-	(514,894)
Written off	-	-	-	-	-	-	(5,400)	-	-	(5,400)
At 31 March 2018	8,748	14,366	9,875,340	2,799,345	554,236	565,157	393,720	105,137	-	14,316,049
Carrying amount:										
At cost	-	-	5,803,594	1,684,007	194,129	157,694	89,778	4,194	44,112	7,977,508
At valuation	3,966,252	6,510,634	-	-	-	-	-	-	-	10,476,886
At 31 March 2018	3,966,252	6,510,634	5,803,594	1,684,007	194,129	157,694	89,778	4,194	44,112	18,454,394

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company **2017**	Leasehold land RM	Leasehold buildings RM	Plant and machineries RM	Tools and equipments RM	Computer systems RM	Factory renovation and electrical installation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Machinery in progress RM	Total RM
Cost/Revaluation										
At 1 April 2016	2,000,000	3,500,000	15,563,247	3,330,867	705,827	637,543	449,162	109,331	140,188	26,436,165
Additions	1,345,203	2,483,451	834,014	367,145	43,183	22,484	24,531	-	11,400	5,131,411
Transfer	-	-	140,188	-	-	-	-	-	(140,188)	-
Disposals	-	-	(1,080,242)	-	-	-	-	-	-	(1,080,242)
Written off	-	-	(520)	(1,300)	(15,400)	-	(2,016)	-	-	(19,236)
At 31 March 2017	3,345,203	5,983,451	15,456,687	3,696,712	733,610	660,027	471,677	109,331	11,400	30,468,098

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

2017	Leasehold land RM	Leasehold buildings RM	Plant and machineries RM	Tools and equipments RM	Computer systems RM	Factory renovation and electrical installation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Machinery in progress RM	Total RM
Accumulated depreciation										
At 1 April 2016	39,683	69,444	8,189,787	2,173,948	381,886	489,961	337,983	94,071	-	11,776,763
Depreciation for the financial year	70,516	125,605	1,030,962	281,822	91,755	41,610	32,599	5,533	-	1,680,402
Disposals	-	-	(358,561)	-	-	-	-	-	-	(358,561)
Written off	-	-	(396)	(1,300)	(13,926)	-	(1,796)	-	-	(17,418)
At 31 March 2017	110,199	195,049	8,861,792	2,454,470	459,715	531,571	368,786	99,604	-	13,081,186
Carrying amount:										
At cost	-	-	6,594,895	1,242,242	273,895	128,456	102,891	9,727	11,400	8,363,506
At valuation	3,235,004	5,788,402	-	-	-	-	-	-	-	9,023,406
At 31 March 2017	3,235,004	5,788,402	6,594,895	1,242,242	273,895	128,456	102,891	9,727	11,400	17,386,912

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Assets under finance leases

The carrying amount of assets under finance lease arrangements are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Plant and machineries	1,202,153	946,593	-	-
Computer systems	87,636	142,274	87,636	142,274
	1,289,789	1,088,867	87,636	142,274

(b) Assets pledged as security

The carrying amount of the property, plant and equipment of the Company charged to licensed banks are security for banking facilities to the Company as disclosed in Note 13(a) are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Leasehold land	3,966,252	3,235,004	3,966,252	3,235,004
Leasehold buildings	6,510,634	5,788,402	6,510,634	5,788,402
	10,476,886	9,023,406	10,476,886	9,023,406

(c) Fair value information

Fair value of land and buildings are categorised as follows:

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2018				
Leasehold land	-	3,966,252	-	3,966,252
Leasehold buildings	-	6,510,634	-	6,510,634
	-	10,476,886	-	10,476,886

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Fair value information (continued)

Fair value of land and buildings are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2017				
Leasehold land	-	3,235,044	-	3,235,044
Leasehold buildings	-	5,788,402	-	5,788,402
	-	9,023,446	-	9,023,446

There are no Level 1 and Level 3 land and buildings or transfer between Level 1 and Level 2 during the financial year ended 31 March 2018 and 31 March 2017.

Level 2 fair value

Level 2 fair values of land and buildings have been derived using market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is price per square feet for comparable properties. There has been no change for the valuation technique during the financial year.

Valuation processes applied by the Company

The Company's finance department includes a team that performs valuation analysis of land and buildings required for financial reporting purposes. This team reports directly to the general manager.

The fair value of land and buildings are determined by external independent property valuers, with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. There has been no change to the valuation technique during the financial year.

Highest and best use

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. INVESTMENT IN A SUBSIDIARY

	Company	
	2018 RM	2017 RM
At cost		
Unquoted shares	2,000,000	2,000,000
Less: Impairment loss	-	-
	2,000,000	2,000,000
Loans that are part of net investments	3,386,831	-
	5,386,831	2,000,000

Loans that are part of net investments represent amount owing by a subsidiary which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat those amounts as long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss, if any.

Details of the subsidiary are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %	Principal activity
Titan Entity Sdn. Bhd.	Malaysia	100	100	Manufacturing of lead frame

7. INVENTORIES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
At cost:				
Raw materials	3,334,635	1,812,270	2,407,403	976,816
Work-in-progress	1,230,651	797,592	1,230,651	797,592
Finished goods	938,640	930,483	635,656	494,767
Goods in transit	-	8,918	-	-
	5,503,926	3,549,263	4,273,710	2,269,175

7. INVENTORIES (CONTINUED)

The cost of inventories of the Group and the Company recognised as an expense in cost of sales during the financial year was RM31,467,622 (2017: RM26,066,592) and RM32,362,297 (2017: RM28,051,944) respectively.

8. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM**	**RM**	**RM**	**RM**
Current:					
Trade					
Trade receivables	(a)				
- Third parties		7,750,239	5,740,224	7,750,239	5,740,224
- Subsidiary		-	-	-	16,187
Less: Impairment for trade receivables		-	(72,342)	-	(72,342)
		7,750,239	5,667,882	7,750,239	5,684,069
Non-trade					
Other receivables		188,700	57,200	45,368	57,200
Amount owing by a subsidiary	(b)	-	-	1,485,056	3,386,831
Deposits		71,420	71,770	23,370	23,770
Prepayments		732,282	264,869	498,710	124,393
		992,402	393,839	2,052,504	3,592,194
Total trade and other receivables		8,742,641	6,061,721	9,802,743	9,276,263

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group and the Company ranges from 30 to 90 days (2017: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

The Group and the Company maintain an ageing analysis in respect of trade receivables only. The ageing analysis of the Group and the Company's trade receivables are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Neither past due nor impaired	3,860,229	3,001,356	3,860,229	3,017,543
Past due but not impaired	3,890,010	2,666,526	3,890,010	2,666,526
1 to 30 days past due not impaired	2,111,101	1,881,940	2,111,101	1,881,940
31 to 60 days past due not impaired	1,687,034	754,874	1,687,034	754,874
61 to 90 days past due not impaired	91,875	29,712	91,875	29,712
91 to 120 days past due not impaired	-	-	-	-
More than 121 days past due not impaired	-	-	-	-
Impaired	-	72,342	-	72,342
	7,750,239	5,740,224	7,750,239	5,756,411

Trade receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	Group and Company	
	2018	2017
	RM	RM
At 1 April	72,342	72,342
Written off	(72,342)	-
At 31 March	-	72,342

(b) Amount owing by a subsidiary

Amount owing by a subsidiary is unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	885,374	1,847,212	743,536	1,585,339
Short-term deposits	192,493	167,253	105,978	102,746
	1,077,867	2,014,465	849,514	1,688,085

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Short-term deposits	192,493	167,253	105,978	102,746
Less: Pledged deposits	(192,493)	(167,253)	(105,978)	(102,746)
	-	-	-	-
Cash and bank balances	885,374	1,847,212	743,536	1,585,339
Bank overdrafts	(2,046,210)	(1,685,507)	(2,046,210)	(1,685,507)
	(1,160,836)	161,705	(1,302,674)	(100,168)

Included in the deposits placed with licensed banks of the Group and the Company are amount of RM192,493 (2017: RM167,253) and RM105,978 (2017: RM102,746) being pledged for term loan as disclosed in Note 13.

10. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		← Amount →	
	2018	2017	2018	2017
	Unit	Unit	RM	RM
Issued and fully paid up:				
At 1 April	8,750,000	8,750,000	8,750,000	8,750,000
Transition to no-par value regime:				
- Share premium	350,000	-	350,000	-
At 31 March	9,100,000	8,750,000	9,100,000	8,750,000

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM350,000 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM350,000 for purposes as set out in Section 618(3) of the Act.

On the 23 November 2017, the Company allotted 350,000 ordinary shares at a price of RM1 per ordinary share out of its share premium account. Consequently, the share premium account has been fully utilised.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

11. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. Pursuant to Section 618(2) of the Act, the sum of RM350,000 standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital as disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. REVALUATION RESERVE

	Group and Company	
	2018	2017 (Restated)
	RM	RM
At 1 April	2,601,725	2,601,725
Surplus arising from revaluation of properties during the financial year	1,171,346	-
Elimination of accumulated depreciation on revaluation	514,894	
Deferred tax recognised during the financial year	(404,700)	-
At 31 March	3,883,265	2,601,725

13. LOANS AND BORROWINGS

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Non-current					
Term loans	(a)	6,165,573	5,683,999	5,820,286	5,683,999
Finance lease liabilities	(b)	586,338	748,346	-	60,636
		6,751,911	6,432,345	5,820,286	5,744,635
Current					
Term loans	(a)	865,012	626,323	832,530	626,323
Finance lease liabilities	(b)	575,381	471,857	60,636	145,908
Bankers' acceptance	(c)	3,474,000	1,584,000	3,474,000	1,584,000
Bank overdrafts	(d)	2,046,210	1,685,507	2,046,210	1,685,507
		6,960,603	4,367,687	6,413,376	4,041,738
		13,712,514	10,800,032	12,233,662	9,786,373
Total loans and borrowings:					
Term loans	(a)	7,030,585	6,310,322	6,652,816	6,310,322
Finance lease liabilities	(b)	1,161,719	1,220,203	60,636	206,544
Bankers' acceptance	(c)	3,474,000	1,584,000	3,474,000	1,584,000
Bank overdrafts	(d)	2,046,210	1,685,507	2,046,210	1,685,507
		13,712,514	10,800,032	12,233,662	9,786,373

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans

Term loan 1 of the Company of RM1,752,238 (2017: RM1,931,080) bears interest at 7.5% (2017: 6.55%) per annum and is repayable by monthly instalments of RM25,943 over ten (10) years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the Company's leasehold land and industrial building; and
(ii) Third party charge over a property held by a person connected to certain directors;
(iii) Pledged deposits as disclosed in Note 10; and
(iv) Joint and several guarantee by certain directors.

Term loan 2 of the Company of RM493,767 (2017: RM688,542) bears interest at 12.50% (2017: 12.50%) per annum and is repayable by monthly instalments of RM22,498 over five (5) years commencing from the day of first drawdown and is unsecured.

Term loan 3 of the Company of RM2,721,028 (2017: RM2,907,413) bears interest at 5.00% (2017: 6.55%) per annum and is repayable by monthly instalments of RM26,799 over fifteen (15) years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the Company's leasehold land and industrial building;
(ii) Joint and several guarantee by certain directors; and
(iii) Corporate guarantee by its holding company.

Term loan 4 of the Company of RM716,272 (2017: RM783,286) bears interest at 4.67% (2017: 6.60%) per annum and is repayable by monthly instalments of RM8,350 over ten (10) years commencing from the day of first drawdown and is secured and supported as follows:

(i) Joint and several guarantee by certain directors; and
(ii) Third party charge over a property held by a person connected to certain directors.

Term loan 5 of the Company of RM972,889 bears interest at 8.95% per annum and is repayable by monthly instalments of RM20,614 over five (5) years commencing from the day of first drawdown and is secured and supported as follows:

(i) Guarantee by CGC; and
(ii) Joint and several guarantee by certain directors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans (continued)

Term loan 6 of a subsidiary of RM377,769 bears interest at 4.77% per annum and is repayable by monthly instalments of RM4,150 over ten years commencing from second month after the first drawdown and supported as follows:

(i) Corporate guarantee by its holding Company;
(ii) Joint and several guarantee by certain directors; and
(iii) Third party charge over a property held by a person connected to certain directors.

(b) Finance lease liabilities

Certain equipment and vehicles of the Group and of the Company as disclosed in Note 5 are pledged for finance leases. The effective interest rates implicit in the leases range from 2.55% to 4.10% (2017: 2.55% to 4.10%).

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Minimum lease payments:				
Not later than one year	637,876	546,930	61,996	154,914
Later than one year and not later than five years	610,517	800,029	-	61,996
	1,248,393	1,346,959	61,996	216,910
Less: Future finance charges	(86,674)	(126,756)	(1,360)	(10,366)
Present value of minimum lease payments	1,161,719	1,220,203	60,636	206,544

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. LOANS AND BORROWINGS (CONTINUED)

(b) Finance lease liabilities (continued)

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Present value of minimum lease payments payable:				
Not later than one year	575,381	471,857	60,636	145,908
Later than one year and not later than five years	586,338	748,346	-	60,636
	1,161,719	1,220,203	60,636	206,544
Less: Amount due within twelve months	(575,381)	(471,857)	(60,636)	(145,908)
Amount due after twelve months	586,338	748,346	-	60,636

(c) Banker acceptance

The banker acceptance of the Company bears interest rates at 4.55% to 5.40% per annum at the end of the reporting period and is secured and supported as follows:

(i) Legal charge over the Company's leasehold land and industrial building;
(ii) Third party charge over a property held by a person connected to certain directors;
(iii) Pledged deposits as disclosed in Note 10; and
(iv) Joint and several guarantee by certain directors.

(d) Bank overdrafts

The bank overdrafts of the Company bear interest rates at 7.41% to 8.50% (2017: 8.50%) per annum at the end of the reporting period and is secured and supported as follows:

(i) Legal charge over the Company's leasehold land and industrial building;
(ii) Third party charge over a property held by a person connected to certain directors;
(iii) Pledged deposits as disclosed in Note 10; and
(iv) Joint and several guarantee by certain directors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. DEFERRED INCOME

	Group and Company 2018 RM	2017 RM
As at 1 April	58,075	83,224
Released to the profit or loss	(25,149)	(25,149)
At 31 March	32,926	58,075

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

15. DEFERRED TAX LIABILITIES

Group	As at 1 April 2017 RM (Restated)	← Recognised in → Profit or loss RM (Note 22)	Equity RM	As at 31 March 2018 RM
Deferred tax assets:				
Tax losses	26,490	(26,490)	-	-
Deferred tax liabilities:				
Property, plant and equipment	(2,717,800)	89,590	-	(2,628,210)
Revaluation reserve	(800,100)	-	(404,700)	(1,204,800)
	(3,517,900)	89,590	(404,700)	(3,833,010)
	(3,491,410)	63,100	(404,700)	(3,833,010)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. DEFERRED TAX LIABILITIES (CONTINUED)

Group	As at 1 April 2016 RM (Restated)	Recognised in: Profit or loss RM (Note 22)	Recognised in: Equity RM	As at 31 March 2017 RM
Deferred tax assets:				
Tax losses	176,700	(150,210)	-	26,490
Deferred tax liabilities:				
Property, plant and equipment	(2,743,300)	25,500	-	(2,717,800)
Revaluation reserve	(857,200)	57,100	-	(800,100)
	(3,600,500)	82,600	-	(3,517,900)
	(3,423,800)	(67,610)	-	(3,491,410)

Company	As at 1 April 2017 RM (Restated)	Recognised in: Profit or loss RM (Note 22)	Recognised in: Equity RM	As at 31 March 2018 RM
Deferred tax liabilities:				
Property, plant and equipment	(1,731,600)	85,300	-	(1,646,300)
Revaluation reserve	(800,100)	-	(404,700)	(1,204,800)
	(2,531,700)	85,300	(404,700)	(2,851,100)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. DEFERRED TAX LIABILITIES (CONTINUED)

Company	As at 1 April 2016 RM (Restated)	← Recognised in → Profit or loss RM (Note 22)	Equity RM	As at 31 March 2017 RM
Deferred tax liabilities:				
Property, plant and equipment	(1,837,800)	106,200	-	(1,731,600)
Revaluation reserve	(857,200)	57,100	-	(800,100)
	(2,695,000)	163,300	-	(2,531,700)

16. TRADE AND OTHER PAYABLES

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Current:					
Trade					
Trade payables	(a)				
- Third parties		2,639,975	3,482,630	1,800,399	2,050,991
- Subsidiary		-	-	1,058,681	1,141,776
		2,639,975	3,482,630	2,859,080	3,192,767
Non-trade					
Other payables		1,581,628	1,166,308	969,826	761,238
Accruals		1,502,969	1,153,919	1,310,936	1,052,013
Amount owing to a subsidiary	(b)	-	-	32,155	-
Total trade and other payables		3,084,597	2,320,227	2,312,917	1,813,251
		5,724,572	5,802,857	5,171,997	5,006,018

(a) **Trade payables**

Trade payables are non-interest bearing and are normally settled within 30 to 60 days.

(b) **Amount owing to a subsidiary**

Amount owing to a subsidiary is unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash.

For explanation on the Company's liquidity risk management processes, refer to Note 23(b)(ii).

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17. REVENUE

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Sales of electronic components	39,250,848	32,557,574	39,250,849	32,557,574

18. OTHER INCOME

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Net realised foreign exchange gain	-	281,313	-	383,619
Amortisation of government grant income	25,149	25,149	25,149	25,149
Interest income	5,260	4,828	3,251	2,775
Rental income	-	-	216,000	112,012
Miscellaneous	34,085	35,859	34,085	35,859
	64,494	347,149	278,485	559,414

19. FINANCE COSTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Interest expense on:				
- Term loans	401,971	417,419	386,852	417,419
- Finance lease liabilities	92,547	37,940	9,006	21,500
- Bank overdrafts	123,564	175,377	123,166	171,864
- Bankers acceptance	134,012	83,633	134,012	83,633
- Bank charges	45,811	61,126	39,666	56,685
	797,905	775,495	692,702	751,101

20. PROFIT BEFORE TAX

Other than as disclosed elsewhere in the financial statements, the following items have been charged in arriving at profit before tax:

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Auditors' remuneration:					
- Current year		33,000	25,800	25,000	19,000
Depreciation of property, plant and equipment	5	4,104,193	3,142,744	1,755,157	1,680,402
Property, plant and equipment written off		-	1,818	-	1,818
Net realised foreign exchange loss		46,732	-	71,849	-
Net unrealised foreign exchange loss		3,165	103,119	3,165	41,423
Rental expense on property		-	177,583	-	11,000
Employee benefits expense	21	5,926,188	5,126,271	5,474,696	4,576,978

21. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Salaries, bonuses and allowances	5,398,813	4,691,613	4,999,847	4,182,795
Defined contribution plans	440,654	364,824	398,069	330,410
Other staff related expenses	86,721	69,834	76,780	63,773
	5,926,188	5,126,271	5,474,696	4,576,978
Included in the employee benefits expenses are:				
Directors' salaries, bonuses and allowances	647,976	520,600	491,365	488,800
Defined contribution plans	70,276	57,216	52,804	57,216
Directors' fees	32,000	-	32,400	31,800
Directors' other emolument	7,919	6,828	7,090	6,828
	758,171	584,644	583,659	584,644

22. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 March 2018 and 2017 are as follows:

	Group		Company	
	2018	**2017 (Restated)**	**2018**	**2017 (Restated)**
	RM	**RM**	**RM**	**RM**
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	913,640	455,690	795,740	455,200
- Adjustment in respect of prior financial years	20,695	(165,179)	20,692	(165,658)
	934,335	290,511	816,432	289,542
Deferred tax:				
(Reversal)/Origination of temporary differences	(55,500)	282,130	(96,700)	(55,300)
Adjustment in respect of prior financial years	(7,600)	(214,520)	11,400	(108,000)
	(63,100)	67,610	(85,300)	(163,300)
Income tax expense recognised in profit or loss	871,235	358,121	731,132	126,242

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial year.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. INCOME TAX EXPENSE (CONTINUED)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Profit before tax	3,021,356	2,108,539	2,579,538	822,745
Tax at Malaysian statutory income tax rate of 24%	725,100	506,090	619,040	197,500
Adjustments:				
Non-deductible expenses	141,840	231,730	80,000	202,400
Non-taxable income	(8,800)	-	-	-
Adjustment in respect of current income tax of prior years	20,695	(165,179)	20,692	(165,658)
Adjustment in respect of deferred tax of prior years	(7,600)	(214,520)	11,400	(108,000)
Income tax expense	871,235	358,121	731,132	126,242

23. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

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

Group	Carrying amounts RM	L&R/(FL) RM
At 31 March 2018		
Financial assets		
Trade and other receivables, less prepayments	8,010,359	8,010,359
Cash and short-term deposits	1,077,867	1,077,867
	9,088,226	9,088,226
Financial liabilities		
Loans and borrowings	(13,712,514)	(13,712,514)
Trade and other payables	(5,724,572)	(5,724,572)
	(19,437,086)	(19,437,086)
At 31 March 2017		
Financial assets		
Trade and other receivables, less prepayments	5,796,852	5,796,852
Cash and short-term deposits	2,014,465	2,014,465
	7,811,317	7,811,317
Financial liabilities		
Loans and borrowings	(10,800,032)	(10,800,032)
Trade and other payables	(5,802,857)	(5,802,857)
	(16,602,889)	(16,602,889)

23. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

Company	Carrying amounts RM	L&R/(FL) RM
At 31 March 2018		
Financial assets		
Trade and other receivables, less prepayments	9,304,033	9,304,033
Cash and short-term deposits	849,514	849,514
	10,153,547	10,153,547
Financial liabilities		
Loans and borrowings	(12,233,662)	(12,233,662)
Trade and other payables	(5,171,997)	(5,171,997)
	(17,405,659)	(17,405,659)
At 31 March 2017		
Financial assets		
Trade and other receivables, less prepayments	9,151,870	9,151,870
Cash and short-term deposits	1,688,085	1,688,085
	10,839,955	10,839,955
Financial liabilities		
Loans and borrowings	(9,786,373)	(9,786,373)
Trade and other payables	(5,006,018)	(5,006,018)
	(14,792,391)	(14,792,391)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for its shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management.

23. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk

Trade and other receivables

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade and other receivables is represented by their carrying amounts in the statements of financial position.

The carrying amount of trade and other receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group and the Company use ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the reporting period is disclosed in Note 8. Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. A significant portion of these trade receivables are regular customers that have been transacting with the Group and the Company. Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairment is made on specific receivables when there is objective evidence that the Group and the Company will not be able to collect all amounts due.

Credit risk concentration profile

At the end of the reporting period, the Group and the Company has a significant concentration of credit risk in the form of outstanding owing by 3 (2017: 3) trade receivables, representing approximately 57% (2017: 55%) of the Group's and the Company's total trade receivables.

23. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade and other receivables (continued)

Other financial assets

For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arises principally from trade and other payables and loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

Group	Carrying amount RM	← Contractual cash flows On demand or within 1 year RM	Between 1 and 5 years RM	→ Total RM
At 31 March 2018				
Trade and other payables	5,724,572	5,724,572	-	5,724,572
Finance lease liabilities	1,161,719	637,876	610,517	1,248,393
Term loans	7,030,585	1,094,159	8,793,387	9,887,546
Bankers' acceptance	3,474,000	3,474,000	-	3,474,000
Bank overdrafts	2,046,210	2,046,210	-	2,046,210
	19,437,086	12,976,817	9,403,904	22,380,721
At 31 March 2017				
Trade and other payables	5,802,857	5,802,857	-	5,802,857
Finance lease liabilities	1,220,203	546,930	800,029	1,346,959
Term loans	6,310,322	820,378	9,509,777	10,330,155
Bankers' acceptance	1,584,000	1,584,000	-	1,584,000
Bank overdrafts	1,685,507	1,685,507	-	1,685,507
	16,602,889	10,439,672	10,309,806	20,749,478

23. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

		← Contractual cash flows →		
Company	**Carrying amount RM**	**On demand or within 1 year RM**	**Between 1 and 5 years RM**	**Total RM**
At 31 March 2018				
Trade and other payables	5,171,997	5,171,997	-	5,171,997
Finance lease liabilities	60,636	61,996	-	61,996
Term loans	6,652,816	1,044,359	8,645,418	9,689,777
Bankers' acceptance	3,474,000	3,474,000	-	3,474,000
Bank overdrafts	2,046,210	2,046,210	-	2,046,210
	17,405,659	11,798,562	8,645,418	20,443,980
At 31 March 2017				
Trade and other payables	5,006,018	5,006,018	-	5,006,018
Finance lease liabilities	206,544	154,914	61,996	216,910
Term loans	6,310,322	820,378	9,509,788	10,330,166
Bankers' acceptance	1,584,000	1,584,000	-	1,584,000
Bank overdrafts	1,685,507	1,685,507	-	1,685,507
	14,792,391	9,250,817	9,571,784	18,822,601

23. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales, purchases and bank balance that are denominated in a foreign currency).

Management has set up a policy to manage their treasury activities and exposures. In addition, the Group and the Company also take advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Financial assets and liabilities not held in functional currencies				
Trade receivables				
US Dollar ("USD")	4,828,310	4,652,944	3,439,616	4,652,944
Cash and short-term deposits				
USD	250,060	1,583,960	250,060	1,579,820
Trade payables				
USD	2,694,682	2,856,499	1,539,148	1,435,910
Singapore Dollar ("SGD")	10,220	7,525	10,220	7,525
	2,704,902	2,864,024	1,549,368	1,443,435
Other payables				
USD	413,749	353,866	55,969	173,832
SGD	-	11,203	-	-
	413,749	365,069	55,969	173,832

23. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The Group's and the Company's principal foreign currency, exposure related to USD and SGD.

The following table demonstrates the sensitivity to a reasonably possible change in the USD and SGD, with all other variables held constant on the Company's total equity and profit for the financial years.

	Change in rate %	Effect on profit for the financial year / equity RM
Group:		
At 31 March 2018		
- USD	+ 15%	224,573
	- 15%	(224,573)
- SGD	+ 15%	1,165
	- 15%	(1,165)
At 31 March 2017		
- USD	+ 15%	345,025
	- 15%	(345,025)
- SGD	+ 15%	2,135
	- 15%	(2,135)
Company:		
At 31 March 2018		
- USD	+ 15%	238,780
	- 15%	(238,780)
- SGD	+ 15%	1,165
	- 15%	(1,165)
At 31 March 2017		
- USD	+ 15%	527,025
	- 15%	(527,025)
- SGD	+ 15%	858
	- 15%	(858)

23. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates. The Group's and the Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Company will be placed with licensed financial institutions to generate interest income.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	Carrying amount RM	Movement in basis point	Effect on profit for the financial year/ equity RM
Group:			
31 March 2018			
Short-term deposits	192,493	50	731
Term loans	(7,030,585)	50	(26,716)
Bankers' acceptance	(3,474,000)	50	(13,201)
Bank overdraft	(2,046,210)	50	(7,776)
			(46,962)
31 March 2017			
Short-term deposits	167,253	50	636
Term loans	(6,310,322)	50	(23,979)
Bankers' acceptance	(1,584,000)	50	(6,019)
Bank overdraft	(1,685,507)	50	(6,405)
			(35,767)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Interest rate risk (continued)

Sensitivity analysis for interest rate risk (continued)

	Carrying amount RM	Movement in basis point	Effect on profit for the financial year/ equity RM
Company:			
31 March 2018			
Short-term deposits	105,978	50	403
Term loans	(6,652,816)	50	(25,281)
Bankers' acceptance	(3,474,000)	50	(13,201)
Bank overdraft	(2,046,210)	50	(7,776)
			(45,855)
31 March 2017			
Short-term deposits	102,746	50	390
Term loans	(6,310,322)	50	(23,979)
Bankers' acceptance	(1,584,000)	50	(6,019)
Bank overdraft	(1,685,507)	50	(6,405)
			(36,013)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables, payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

	Carrying amount RM	Fair value of financial instruments not carried at fair value — Fair value — Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM
Group:					
31 March 2018					
Financial liabilities					
Finance lease liabilities	586,338	-	-	539,471	539,471
Term loans	6,165,573	-	-	6,856,579	6,856,579
31 March 2017					
Financial liabilities					
Finance lease liabilities	748,346	-	-	679,797	679,797
Term loans	5,683,999	-	-	6,850,805	6,850,805
Company:					
31 March 2018					
Financial liabilities					
Finance lease liabilities	-	-	-	-	-
Term loans	5,820,286	-	-	6,286,002	6,286,002
31 March 2017					
Financial liabilities					
Finance lease liabilities	60,636	-	-	56,061	56,061
Term loans	5,683,999	-	-	6,850,805	6,850,805

24. CONTINGENT LIABILITIES

	Company	
	2018	**2017**
	RM	**RM**
Corporate guarantee given to financial instituition for banking facilities granted to a subsidiary	1,478,851	1,597,659

25. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Subsidiary; and
(ii) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2018	**2017**
	RM	**RM**
Purchases from a subsidiary	13,606,458	11,186,393
Rental income from a subsidiary	216,000	216,000

25. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Directors' salaries, bonuses and allowances	1,418,852	1,244,848	1,105,630	1,066,472
Defined contribution plans	165,430	153,144	169,123	167,927
Directors' fees	32,000	-	32,400	31,800
Directors' other emolument	7,919	6,828	7,090	6,828
	1,624,201	1,404,820	1,314,243	1,273,027

26. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 March 2018 and 31 March 2017.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by equity attributable to the owners of the Company. The gearing ratio as at 31 March 2018 and 31 March 2017 are as follows:

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM**	**RM**	**RM**	**RM**
Trade and other payables	**16**	5,724,572	5,802,857	5,171,997	5,006,018
Loans and borrowings	**13**	13,712,514	10,800,032	12,233,662	9,786,373
Total debts		19,437,086	16,602,889	17,405,659	14,792,391
Total equity		22,789,610	19,357,949	18,505,727	15,375,781
Gearing ratio (times)		0.85	0.86	0.94	0.96

26. CAPITAL MANAGEMENT (CONTINUED)

There were no changes in the Company's approach to capital management during the financial years under review.

The Company is not subject to externally imposed capital requirements.

27. SEGMENT INFORMATION

Geographical information

Revenue information based on the geographical location of customers are as follows:

31 March 2018	Revenue RM
Malaysia	27,221,672
Philippines	6,361,653
Thailand	4,783,528
Singapore	713,748
Others	170,248
	39,250,849
31 March 2017	
Malaysia	21,904,057
Philippines	5,522,393
Thailand	4,524,478
Singapore	352,622
Others	254,024
	32,557,574

The Group operates predominantly in Malaysia and hence, no geographical segment on non-current assets presented.

Information about major customers

Revenue from three customers represented approximately RM18,688,047 (2017: RM21,587,966) for the Group's total revenue.

AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. PRIOR YEAR ADJUSTMENTS

The prior year adjustment was in relations to the under recognition of deferred tax liability arising from the revaluation of land and buildings.

As a result of the above prior year adjustments, corresponding adjustments have been made to the statements of financial position.

	As previously reported RM	Prior year adjustments RM	As restated RM
Group			
As at 31 March 2017			
Statements of financial position			
Deferred tax liabilities	(2,691,310)	(800,100)	(3,491,410)
Revaluation reserve	(3,458,925)	857,200	(2,601,725)
Retained earnings	(7,599,124)	(57,100)	(7,656,224)
Company			
As at 31 March 2017			
Statements of financial position			
Deferred tax liabilities	(1,731,600)	(800,100)	(2,531,700)
Revaluation reserve	(3,458,925)	857,200	(2,601,725)
Retained earnings	(3,616,956)	(57,100)	(3,674,056)
Group			
As at 1 April 2016			
Statements of financial position			
Deferred tax liabilities	(2,566,600)	(800,100)	(3,366,700)
Revaluation reserve	(3,458,925)	800,100	(2,658,825)
Company			
As at 1 April 2016			
Statements of financial position			
Deferred tax liabilities	(1,837,800)	(800,100)	(2,637,900)
Revaluation reserve	(3,458,925)	800,100	(2,658,825)

29. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 4 June 2018, Amlex Holdings Berhad entered into a conditional share sale agreement to acquire the entire equity interest in the Company comprising 9,100,000 million ordinary shares for a total purchase consideration of RM22,789,608. The purchase consideration was satisfied by the issuance of 227,896,080 new shares at an issue price of RM0.10 each. The acquisition was completed on 25 July 2018.

AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
(Pursuant to Section 251(2) of the Companies Act 2016)

We, **LIM SAY PENG** and **LIM SAY SOON**, being two of the directors of AMLEX TECHNOLOGY SDN. BHD., do hereby state that in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

....
LIM SAY PENG
Director

....
LIM SAY SOON
Director

Penang

Date: 31 July 2018

Company No. 671870-W

AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

STATUTORY DECLARATION
(Pursuant to Section 251(1) of the Companies Act 2016)

I, **LIM SAY PENG**, being the director primarily responsible for the financial management of AMLEX TECHNOLOGY SDN. BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

....
LIM SAY PENG

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 31 July 2018.

Before me,

PESURUHJAYA SUMPAH
No. P.156
Name: HAJI MOHAMED YUSOFF BIN MOHD IBRAHIM
01-01-2017 31-12-2018
MALAYSIA

.... NO. 97 LEBUH BISHOP
Commissioner for Oaths 10200 PULAU PINANG

BAKER TILLY

Baker Tilly Monteiro Heng
Chartered Accountants (AF0117)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia

T : +603 2297 1000
F : +603 2282 9980

info@bakertillymh.com.my
www.bakertillymh.com.my

Company No. 671870-W

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Amlex Technology Sdn. Bhd., which comprise the statements of financial position as at 31 March 2018 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 86.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 March 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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 Financial Statements* section of our report. We are independent 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

The directors of the Company are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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:

- identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMLEX TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Andy Liew Hock Sim
No. 03336/12/2019 J
Chartered Accountant

Kuala Lumpur

Date: 31 July 2018

PART VI

ADDITIONAL INFORMATION

PART VI: 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 believed, 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 and the Proposed Placement.

2. SHARE CAPITAL

(a) As at the date of this Information Memorandum, we have 1 class of ordinary shares, all of which rank *pari passu* with one another;

(b) Other than the Proposed Placement as disclosed in **Part II: Section 1**, there is no intention on the part of our Directors, based on existing circumstances or factors known as at LPD, to issue any new Shares in the 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 the 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 position or business.

As at the 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 CONTRACTS

Save and except the share sale agreement for the Acquisition as set out in **Part I: Section 3.2**, 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.

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5. FURTHER INFORMATION ON OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

5.1 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:

5.1.1 Promoter, substantial shareholders, and Directors

(a) Say Soon

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Nyric Industries Sdn Bhd (317778-T)	Dealers of all kinds of anodized aluminium parts	Director and Shareholder	2 August 2004	-	50	-
Past Involvement						
Chemdyne Sdn Bhd (540614-T)	In the process of being struck off	Director and Shareholder	25 July 2006	-	50	-

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PART VI: ADDITIONAL INFORMATION

(b) Say Peng

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Nyric Industries Sdn Bhd (317778-T)	Dealers of all kinds of anodized aluminium parts	Director and Shareholder	3 December 1994	-	46	-
Past involvement						
Chemdyne Sdn Bhd (540614-T)	In the process of being struck off	Director and Shareholder	27 February 2001	-	50	-
Agnic Corporation Sdn Bhd (738159-K)	In the process of being struck off	Director and Shareholder	19 June 2002	-	80	-

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

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PART VI: ADDITIONAL INFORMATION

(c) Soon Hin

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held Direct	Indirect
Present involvement						
Secmas Consulting Sdn Bhd (146506-V)	Providing consultancy and accounting services and acting as commission agent	Director and Shareholder	30 March 2015	-	50	-
Masterpiece Awards Sdn Bhd (777039-W)	Providing consultancy services, acting as commission agent	Director and Shareholder	30 March 2015	-	50	-
Premier Tax Services Sdn Bhd (665741-M)	Provision of taxation services	Director and Shareholder	1 June 2008	-	50	-
SME Biz Solutions Sdn Bhd (348845-D)	Providing consultancy and accounting services and acting as commission agent	Director and Shareholder	22 June 2002	-	86	-
Theory Y Holdings Sdn Bhd (57882-H)	Investment holding	Director and Shareholder	17 November 1986	-	29	-
Past involvement						
Rhombus Castors (M) Sdn Bhd (168770-P)	Manufacturing, assembly and sale of castor wheels	Director	13 October 2015	2 August 2016	-	-
Achievers Engagement Sdn. Bhd (738287-W)	Dissolved on 9 September 2016	Director	20 June 2006	7 December 2011	-	-
Schoelly Integration Technologies Sdn Bhd (680519-W)	Dissolved on 11 May 2016	Director	22 December 2015	-	-	-
Money Concepts Hartamas Sdn Bhd (720936-X)	Dissolved on 15 April 2010	Director and Shareholder	13 January 2006	-	20	-
Positive Outlook Sdn Bhd (632196-U)	Dissolved on 26 July 2016	Director and Shareholder	20 November 2003	-	50	-
Teoh Yap Management Sdn Bhd (122221-K)	Dissolved on 13 October 2015	Director and Shareholder	22 May 1992	-	70	-

(d) Mohd Zuber

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Past involvement						
Inter Prism Trading Sdn Bhd (975895-K)	Dissolved	Director	28 June 2012	-	-	-

(e) Tan Beng Teik

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Celebrity Clubs Sdn Bhd (830820-M)	Dormant	Director and Shareholder	27 August 2008	-	50	-
Signal Transmission (M) Sdn Bhd (116178-D)	Design and supply of measuring and controlling instrumentation system sales of process control instrumentation after sales service	Shareholder	-	-	15	-

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PART VI: ADDITIONAL INFORMATION

(f) Tan Cheik Eaik

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held Direct	Indirect
Present involvement						
Asiaebuy Sdn Bhd (1218104-U)	Development and provision of business to business e-Commerce, e-Procurement, product search engine and e-Payment services via web portals	Director	10 February 2017	-	-	30#
Foundpac Group Berhad (1165946-H)*	Investment holding	Independent Non-Executive Chairman and Shareholder	22 November 2016	-	0.54	-
Leso Holdings Berhad (1168602-A)	Investment holding	Director	28 March 2016	-	-	-
Butterfly House(PG) Sdn Bhd (173035-T)	Operates a butterfly farm, trading of pupae and café operations	Director and Shareholder	5 March 2015	-	-	21.16#
Organic Commerce Sdn Bhd (1035935-D)	Providing upkeep and maintenance of a durian estate and harvesting of durian fruits	Director and Shareholder	9 May 2014	-	33.33	-
Elsoft Systems Sdn Bhd (1086646-M)	Design and production of test, burn–in and embedded test equipment and its related modules for electronics industry	Director and Shareholder	28 March 2014	-	-	100#
Ace Jr Sdn Bhd (1010313-M)	Dormant	Director and Shareholder	17 July 2012	-	70	-
Lesoshoppe Sdn Bhd (942619-W)	Sale of test and measurement equipment through the provision of supply chain management solutions for the company's suppliers and customers.	Director and Shareholder	28 April 2011	-	-	30#
D' Piazza Atrium Sdn Bhd (742892-U)	Investment holding	Director and Shareholder	12 October 2010	-	-	33.33##
Quality Craft Sdn Bhd (392750-D)	Property investment	Director and Shareholder	5 April 2010	-	33.33	-

PART VI: ADDITIONAL INFORMATION

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Leso Instruments (M) Sdn Bhd (523640-W)	Dissolved on 16 October 2015	Director and Shareholder	21 July 2006	-	-	30#
Leso Corporation Sdn Bhd (732122-U)	Investment Holding	Director and Shareholder	14 July 2006	-	-	30#
Elsoft Research Berhad (617504-K)*	Research, design and development of test, burn-in and application specifics embedded system	Executive Director/ Chief Executive Officer and Shareholder	4 June 2003	-	24.54	-
AGS Automation (Malaysia) Sdn Bhd (498080-U)	Dormant	Director and Shareholder	20 May 2003	-	-	100#
EDT Equities Sdn Bhd (416633-H)	Investment holding	Director and Shareholder	14 January 1997	-	25	-
Siangtronics Technology Sdn Bhd (386359-K)	Electronic devices and modules assembly, test and burn-in system integration and producing customised manufacturing solutions	Director and Shareholder	7 May 1996	-	-	100#

Notes:
* Listed on the Main Market of Bursa Securities
\# Deemed interest by virtue of his shareholdings in Elsoft Research Berhad pursuant to Section 8(4)(a) of the Act
\## Deemed interest by virtue of his shareholdings in Quality Craft Sdn Bhd pursuant to Section 8(4)(a) of the Act

The involvement of our Promoters, substantial shareholders and 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.

5.2 Interest in similar business and in businesses of our clients and our supplier

As at LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations which are:

(a) carrying on a similar or related trade as our Group; or

(b) customers and/or suppliers of our Group.

5.3 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 five (5) years; and

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

6. CONSENTS

The written consents of the Approved Adviser, Placement Agent, Continuing Adviser, Company Secretary, Independent Market Researcher, Auditors, Legal Counsel and Share Registrar 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. THIRD PARTY INFORMATION

Where information has been sourced from a third party, the information has been accurately reproduced and, as far as the Company and the 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.

8. COMMUNICATIONS WITH SHAREHOLDERS

Upon successful listing on the LEAP Market, the Company 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.

PART VI: ADDITIONAL INFORMATION

9. PRINTED COPIES OF THIS INFORMATION MEMORANDUM

Printed 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 at Level 11, No 45 & 47, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia;

(b) AHB at No. 799, Lorong Perindustrian Bukit Minyak 7, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang, Malaysia;

(c) AHB's registered office at 9-1, 9th Floor, Wisma Penang Garden, 42, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang, Malaysia.

for at least one (1) month after the listing of the Company on the LEAP Market.

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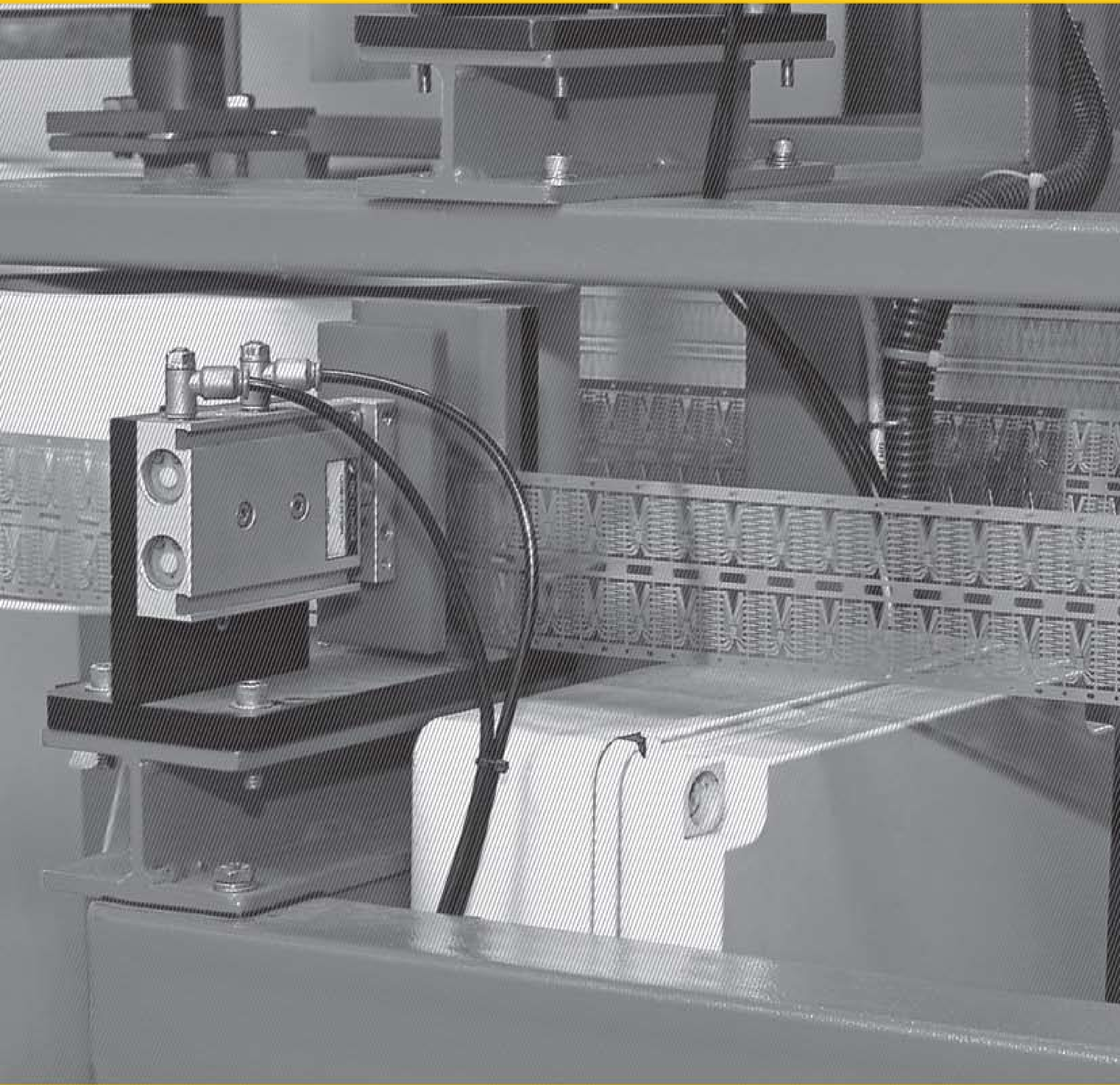

AMLEX HOLDINGS BERHAD
(Company No.: 1272796-A)
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