MANFORCE GROUP BERHAD
(Company No: 1228620-V)

No. 13-02, Jalan PJU 5/20E,
Pusat Perdagangan Kota Damansara,
47810 Petaling Jaya, Selangor, Malaysia

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MANFORCE GROUP BERHAD

INFORMATION MEMORANDUM

MANFORCE GROUP BERHAD

(Company No: 1228620-V)
(Incorporated in Malaysia)

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

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 THE EXCHANGE. 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. INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATIONS.

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.

PROPOSED PLACEMENT OF 47,997,400 ORDINARY SHARES IN MANFORCE GROUP BERHAD AT AN INDICATIVE ISSUE PRICE OF RM0.18 PER PLACEMENT SHARE IN CONJUNCTION WITH OUR PROPOSED LISTING ON THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Approved Advisor, Placement Agent and Continuing Advisor

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

This Information Memorandum is dated 28 September 2018

All defined terms used in this Information Memorandum are defined under "Definitions" section.

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. This Information Memorandum is not a prospectus and has not been registered nor will it be registered as a prospectus under the Capital Market and Services Act 2007 ("CMSA"). The Proposed Placement constitutes an excluded issue within the meanings of Section 230 of the CMSA. The Information Memorandum has been prepared in the context of securities offering under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

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

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

An application has been made to Bursa Securities for admission of our Company and the listing of and quotation for the entire ordinary share capital of our Company on the LEAP Market. No monies shall be collected from Sophisticated Investors for the subscription of the Placement Shares, and no new Shares shall be allotted pursuant to the Proposed Placement until Bursa Securities has granted its approval 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" SECTION 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 our Company and all other relevant matters.

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EXPECTED TIMETABLE FOR THE PROPOSED PLACEMENT AND PROPOSED LISTING

All defined terms used in this Information Memorandum are defined under "Definitions" section.

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	28 September 2018
Expected approval from Bursa Securities	End-October 2018
Price-fixing date for Placement Price	Early November 2018
Allotment of Placement Shares	Early November 2018
Listing of our Company Shares on the LEAP Market	Mid-November 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	RM0.18
Number of existing Shares	271,985,180
Number of Placement Shares being issued pursuant to the Proposed Placement	47,997,400
Enlarged number of Shares to be listed on the LEAP Market	319,982,580
Percentage of enlarged share capital represented by the Placement Shares	15.0%
Indicative gross proceeds of the Proposed Placement	RM8.64 million
Estimated net proceeds of the Proposed Placement receivable by the Company	RM7.54 million
Market capitalisation of the Company at the indicative Placement Price upon Proposed Listing	RM57.60 million

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IMPORTANT INFORMATION

All defined terms used in this Information Memorandum are defined under "Definitions" section.

This Information Memorandum shall not be, in whole or in part, reproduced disclosed or distributed to any other person or used for any other purposes. 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 only. No representation or warranty is made as to the accuracy or completeness of any information, estimates and/or reports therein derived from such and other third party sources.

Presentation of Financial and Other Information

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

Unless the context otherwise requires, all references to "Management" are to our Directors and key management personnel 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.

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 thousandth, million or 1 decimal place. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

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

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

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

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Investment Risks

Investment in our Company carries risk. There can be no assurance that our Company's strategies 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 our 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 losses of their entire investment (see further under "Part III: Risk Factors").

This Information Memorandum should be read in its entirety before making any investments in our 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. Our Company is not under any obligations to update or revise such forward-looking statements in this Information Memorandum. Neither our Company, the Approved Adviser nor any other person represents or warrants that our Group's actual future results, performance or achievements will be as disclosed in those statements.

Factors that could cause our actual results, performance or achievements to differ materially include, without limitation, those discussed in "Part III: Risk Factors" and in "Section 6 of Part I: Historical Financial Information and Management Discussion and Analysis". We cannot give any assurances 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.

Company No.: 1228620-V

CORPORATE DIRECTORY

Board of Directors	Tengku Faizwa Binti Tengku Razif *(Independent Non-Executive Chairman)* Dato Wong Boon Ming *(Managing Director)* Chin Kok Weng *(Executive Director)* Datin Lim Gun Kiau *(Non-Independent Non-Executive Director)*
Business Address	13-02, Jalan PJU 5/20E Pusat Perdagangan Kota Damansara 47810 Petaling Jaya Selangor Telephone number: 03-6142 2222
E-mail	info@manforce.net
Website	http://www.manforce.net
Company Secretary	Teo Soon Mei (MAICSA 7018590)
Registered Office	4-1, Kompleks Niaga Melaka Perdana Jalan KNMP 3, Bukit Katil 75450 Melaka Telephone number: 06-232 6033
Approved Adviser, Continuing Adviser and Placement Agent	M&A Securities Sdn Bhd (15017-H) 45-11, The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone number: 03-2284 2911
Auditors and Reporting Accountants	Ecovis AHL PLT (LLP0003185-LCA) & (AF 001825) 9-3, Jalan 109F Plaza Danau 2 Taman Danau Desa 58100 Kuala Lumpur Telephone number: 03-7981 1799
Solicitors	Teh & Lee A-3-3 & A-3-4 Northpoint Offices Mid Valley City 1, Medan Syed Putra Utara 59200 Kuala Lumpur Telephone number: 03-2283 2800
Independent Market Researcher	Protégé Associates Sdn Bhd (675767-H) Suite C-06-06, Plaza Mont' Kiara 2, Jalan Kiara Mont' Kiara 50480 Kuala Lumpur Telephone No: 03-6201 9301

CORPORATE DIRECTORY *(cont'd)*

Principal Banker	Alliance Bank Malaysia Berhad (88103-W) Level 29, Menara Multi-Purpose, Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Telephone number: 03-2604 3333
Share Registrar	Tricor Investor & Issuing House Services Sdn Bhd (11324-H) 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3 Bangsar South 8, Jalan Kerinchi 59200 Kuala Lumpur Telephone number: 03-2783 9299
Listing sought	LEAP Market

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DEFINITIONS

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

Group Companies

"APMRSB"	:	Agensi Pekerjaan Manforce Resources (M) Sdn Bhd (753816-A)
"ASB"	:	Adwatrans Sdn Bhd (709432-M)
"GCSB"	:	Gigaway Concept Sdn Bhd (976399-V)
"IMSSB"	:	IMI Management & Services Sdn Bhd (628187-H)
"MGB" or "Company"	:	Manforce Group Berhad (1228620-V)
"MGB Group" or "Group"	:	MGB and its subsidiaries, collectively
"MRSB"	:	Manforce Resources (M) Sdn Bhd (652628-D)
"M.R.H."	:	M.R.H. Group of Training Company Pvt. Ltd. (154714/073/074)
"PCSSB"	:	Panda Cleaning Services Sdn Bhd (891039-W)
"RRSB"	:	Reflexi Resources (M) Sdn Bhd (623048-A)

Individuals

"Dato Wong"	:	Dato Wong Boon Ming, our co-founder, Promoter, Managing Director and spouse of Datin Lim
"Datin Lim"	:	Datin Lim Gun Kiau, our co-founder, Promoter, Non-Independent Non-Executive Director and spouse of Dato Wong

Other Corporations, Establishment and Agencies

"Approved Adviser, Continuing Adviser or Placement Agent"	:	M&A Securities
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"Ecovis"	:	Ecovis AHL PLT (LLP0003185-LCA) & (AF 001825)
"M&A Securities"	:	M&A Securities Sdn Bhd (15017-H)
"IMR" or "Protégé Associates"	:	Protégé Associates Sdn Bhd (675767-H)
"Share Registrar"	:	Tricor Investor & Issuing House Services Sdn Bhd (11324-H)

General

"Acquisition of MRSB"	:	Acquisition by MGB of the entire share capital of MRSB for a purchase consideration of RM13,599,259, wholly satisfied via the issuance of 271,985,178 new MGB Shares to the Vendors at an issue price of RM0.05 per Share, which was completed on 13 September 2018
"Act"	:	Companies Act 2016
"Board"	:	Board of Directors of our Company
"CMSA"	:	Capital Markets and Services Act 2007
"Directors"	:	Either an executive director or non-executive director of our Company within the meaning of Section 2 of the Act
"EBIT"	:	Earnings before interest and taxation
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"Foreign Partners"	:	Accredited foreign recruitment agencies
"FPE(s)"	:	Financial period(s) ended
"FYE(s)"	:	Financial year(s) ended 30 September, as the case may be
"GP"	:	Gross profit
"IMR Report"	:	Independent market research report titled "Strategic Analysis of the Labour Market in Malaysia Focusing on the Foreign Workers Management Services Market" prepared by Protégé Associates
"Indicative Placement Price"	:	The indicative placement price of RM0.18 per Share to be issued pursuant to the Proposed Placement
"Information Memorandum"	:	This information memorandum dated 28 September 2018
"iPay"	:	Intelligent Payroll System, a self-developed payroll management software system by MRSB to facilitate the processing of foreign workers' monthly payroll
"IT"	:	Information technology
"LEAP Market"	:	LEAP Market of Bursa Securities
"LEAP Listing Requirements"	:	LEAP Market Listing Requirements of Bursa Securities
"LPD"	:	21 September 2018, being the latest practicable date prior to the date of this Information Memorandum
"MTS"	:	Manforce Tracking System, a workforce tracking solution software system to facilitate the foreign worker management and manual labour services of MRSB
"NA"	:	Net assets

"PAT"	:	Profit after taxation
"Placement Shares"	:	47,997,400 new Shares to be issued pursuant to the Proposed Placement
"Promoters"	:	Dato Wong and Datin Lim, collectively
"Proposed Listing"	:	Proposed listing of and quotation for our entire issued share capital comprising 319,982,580 Shares on the LEAP Market
"Proposed Placement"	:	Proposed issuance of the Placement Shares within the meaning of Section 230 of the CMSA at the Indicative Placement Price to selected Sophisticated Investors in conjunction with the Proposed Listing
"Share(s)"	:	Ordinary share(s) in our Company
"Sophisticated Investors"	:	Any person(s) who falls within any of the categories of investors set out in Part I of Schedule 7 of the CMSA
"US"	:	United States of America
"Vendors"	:	Dato Wong and Datin Lim, collectively

Currencies and units

"%"	:	per centum
"NPR"	:	Nepalese Rupee
"RM"	:	Ringgit Malaysia and sen, respectively
"sq m"	:	Square meters
"USD"	:	United States Dollar

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TABLE OF CONTENTS

PART I: INFORMATION ON OUR GROUP

TABLE OF CONTENTS (*cont'd*)

PART II: INFORMATION ON OUR PROPOSED LISTING

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PART I

INFORMATION ON OUR GROUP

PART I: INFORMATION ON OUR GROUP

1. HISTORY OF OUR GROUP

We are principally involved in the provision of foreign workers management services, manual labour services as well as foreign worker insurance products and services.

Our Group was founded in 2004 by Dato Wong, our Managing Director and Promoter to undertake the supply of foreign workers. These foreign workers were mainly supplied to the manufacturing sector in Malaysia as there was a growing demand for foreign workers to undertake various manufacturing activities, which are labour intensive.

In 2006, we expanded into the provision of foreign workers insurance products for subscription by the employers for the benefit of their foreign workers from several insurance companies.

In 2008, our Group began providing foreign workers management services in the areas of human resources, administration, training, welfare solutions and immigration related solutions. The foreign worker management services are aimed at customers involved in the manufacturing sector. Kindly refer to Section 2.1, Part I of this Information Memorandum for further details of the foreign workers management services provided by our Group.

In 2010, we ventured into the provision of manual labour services focusing in providing cleaning and sanitising activities through our wholly-owned subsidiary, PCSSB. Kindly refer to Section 2.1, Part I of this Information Memorandum for further details of the manual labour services provided by our Group.

In 2011, MRSB, our wholly-owned subsidiary has been assessed and certified for the ISO 9001:2008 certification for the "Supply and Management of Foreign Manpower Outsourcing Services" category by both SGS (Malaysia) Sdn Bhd and SGS United Kingdom Ltd. This accreditation was subsequently updated to ISO 9001:2015 in June 2018.

In 2013, in line with the Malaysian Government foreign workers' recruitment policy, whereby new intake applications for foreign workers shall be conducted under employers' name and allocated quota applications for the hiring of foreign workers, we changed our business model to put more emphasis on the provision of foreign workers management services, especially in the areas of human resources, administration and immigration related functions for foreign workers.

We acquired ASB in May 2015 and GCSB in July 2016, companies that provides manual labour services involving cleaning and sanitising activities, to further expand the number of foreign workers available for our manual labour services business segment. We acquired RRSB in November 2015 and IMSSB in February 2016, companies involved in the provision of manual labour services in providing manufacturing-related activities. These companies were acquired by MRSB as they have the relevant recruitment quotas issued by the Ministry of Home Affairs, Malaysia to hire foreign workers for manual labour services.

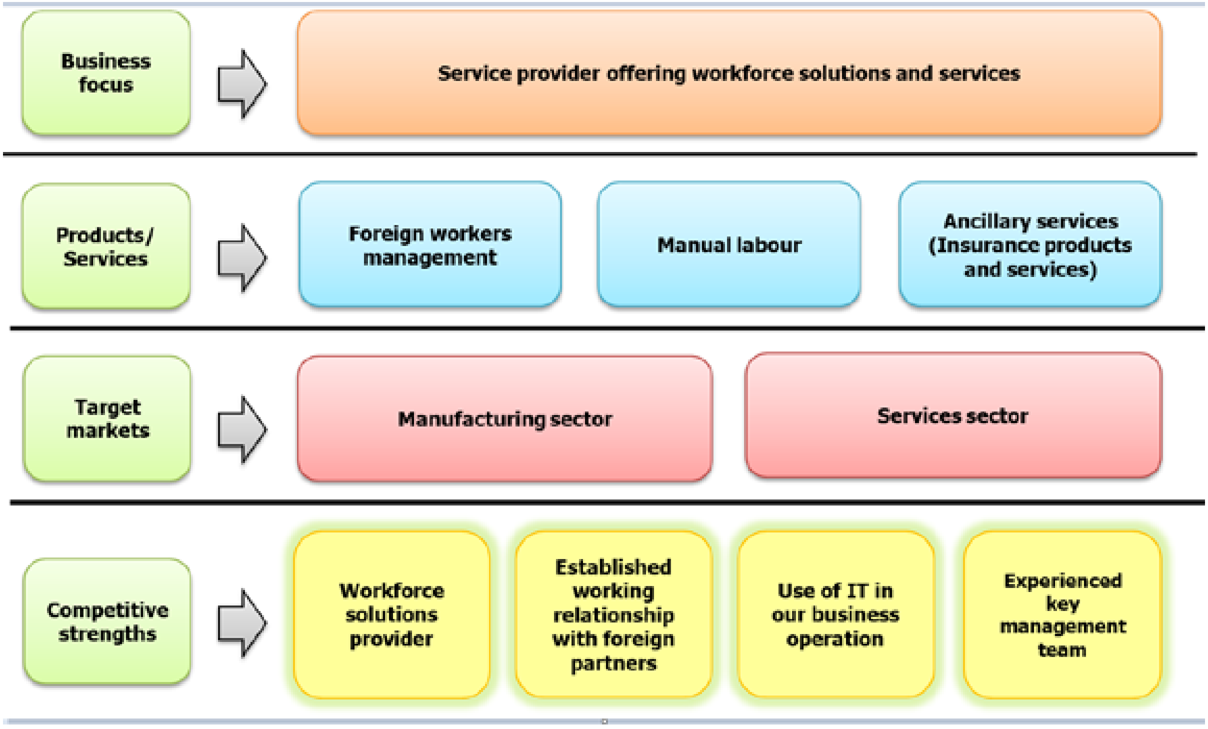
In 2017, we acquired 25.0% equity interest in M.R.H., a company which provides training and job placement services of workers in Nepal. This has enabled our Group to provide basic training to selected foreign workers prior to their deployment to Malaysia. Kindly refer to Section 3.3.8, Part I of this Information Memorandum for further details of M.R.H.

Since the commencement of our business operations in 2004, we have grown our range of service offerings and solutions that caters to the labour needs of various industries in Malaysia. Our customers includes electrical and electronic manufacturers, shopping centres, food and beverage service providers, hospitality and convenience stores. Kindly refer to Section 2.10, Part I of this Information Memorandum for further details of our major customers. As at the LPD, our Group manages a total of 1,709 foreign workers under the foreign workers management services and 1,646 foreign workers under our employment to provide manual labour services.

2. BUSINESS OVERVIEW

2.1 Principal activities

We are a service provider offering workforce solutions and services in Malaysia, with a focus on the management in the areas of human resources, administration and immigration related matters for foreign workers.



Leveraging on our experience and expertise in the manpower service and solutions industry, we are able to provide a range of solutions and services in the management of foreign workers, from the areas of human resources, administration, training, welfare solutions and immigration related solutions.

2.2 Principal services

We provide the following services:

(a) Foreign workers management services, focusing in the areas of human resources, administrative and immigration related services of foreign workers employed by our customers;

(b) Manual labour services involving cleaning and sanitising activities as well as manufacturing-related activities utilising the foreign workers employed by our Group under our own recruitment quota issued by the Ministry of Home Affairs, Malaysia; and

(c) Other ancillary services – we offer general insurance policies to foreign workers as well as other general insurance products.

Details of each service provided are further elaborated below:

(a) Foreign workers management services

Our foreign workers management services focuses on the areas of human resources, administration, training, welfare solutions and immigration related solutions for foreign workers employed by our customers. We also provide consultation in the form of advising customers on the requirements as well as the necessary compliance to adhere to in order to obtain the foreign workers recruitment quota. In general, we provide foreign workers management services to companies involved in the manufacturing and services sectors in the following areas:

Type of Management Services	Description
Regulatory matters	Advise and guide customers in relation to regulatory requirements
Accommodation	Arrangement for accommodation (equipped with basic utilities and cooking utensils) for foreign workers
Transportation	Transportation of foreign workers between work place and accommodation as well as point of arrival and departure
Payroll management	Calculation of monthly wages, allowances and disbursements to foreign workers
Medical examination and treatment	Yearly medical examination as required by the Immigration Department of Malaysia and daily medical treatment
Insurance coverage and claims	Assist the foreign workers on insurance claims and renewal of their insurance policies
Immigration related processes	Advise and assist customers in the preparation of the requisite documents to the relevant authorities
Connecting customers with source countries/Foreign Partners	Recommending accredited foreign recruitment agencies in source countries
Renewal and extension of work permits	Assist customers in the application procedure for yearly renewal as well as extension of work permits
Foreign workers' support	Provide counselling and consultation e.g. welfare and emotional support, development and performance improvement plan
Basic training	Provide basic training and orientation prior to commencement of work
Banking access	Assist foreign workers to obtain access to banking and related services

In addition to the above and depending on the service packages offered for the foreign workers management services, our services may extend to include advance payment of foreign workers' levies to the relevant authorities on behalf of customers, return air tickets and related payments. Any advance payment of levies made on behalf of our customers for the employment of foreign workers is recoverable from them on a monthly basis once these foreign workers commence work.

(b) Manual labour services

We provide manual labour services involving cleaning, sanitising and manufacturing-related activities utilising the foreign workers employed by our Group under our own recruitment quota issued by the Ministry of Home Affairs, Malaysia. We generally provide our cleaning and sanitising services on a contract basis of at least one (1) year. Through our wholly-owned subsidiaries, namely ASB, GCSB and PCSSB, we provide manual labour services involving cleaning and sanitising activities to shopping centres and hypermarkets, food and beverages outlets and resort hotels and theme parks.

Through IMSSB and RRSB, our wholly-owned subsidiaries, we provide manual labour services involving manufacturing-related activities on a contract basis of at least one (1) year. Our customers are manufacturers involved in the electrical and electronics industry. Our foreign workers shall be involved in manufacturing processes of our customers, such as the assembly of electronic parts, packaging and other labour intensive activities for manufacturing purposes at our customers' respective manufacturing facilities. We provide our foreign workers with the necessary training to carry out the contracted manufacturing-related processes.

(c) Other ancillary services

APMRSB is an agent appointed for three (3) types of foreign worker's insurance policies comprising:

(i) Foreign Worker Compensation Scheme ("FWCS") – Compensation benefits to a foreign worker with valid employment document for injuries sustained or death due to an accident arising out of or during his course of employment. It is mandatory under the Amended Act 1996 of Workmen's Compensation Act 1952 for employers to insure its foreign workers under the FWCS.

(ii) Foreign Worker Hospitalisation Scheme ("FWHS") – Yearly renewable hospital and surgical insurance scheme to cover employer's expenses in the event the foreign worker is admitted or undergoes a surgery due to an accident or illness.

(iii) Foreign Worker Insurance Guarantee ("FWIG") – FWIG is a guarantee required by the Immigration Department of Malaysia from employers as a security deposit for the employment of foreign workers in Malaysia. This insurance serves as guarantee to the Immigration Department of Malaysia to cover the repatriation expenses in the event the foreign worker is required by the authorities to be sent back to his home country during his course of stay in Malaysia.

In addition to the above, we are also the agent for motor, travel, fire for home and commercial businesses insurances. Nevertheless, we mainly focus on the provision of foreign worker's insurance products in order to complement our core business as a service provider for foreign worker management services.

2.3 Comparison between the contractual terms for foreign workers management services and the manual labour services

We have summarised the differences between the foreign workers management services and the manual labour services as follows:

	Foreign workers management services	Manual labour services
Scope of services	Manage foreign workers on behalf of customer	Provide cleaning, sanitising and manufacturing-related activities at customer's premises/manufacturing facilities using our foreign workers
Ministry of Home Affairs issued quota to	Respective customers	MGB
Fees structure	Based on pre-agreed rates[(1)] per foreign worker depending on the shift (normal day, public holiday or overtime) **Note:** (1) Determined after taking into account the direct foreign workers costs (such as wages, accommodation, etc) incurred by our Group. We are responsible to ensure the welfare and payrolls of the foreign workers are being managed appropriately in order for the foreign workers to perform their day-to-day operations effectively	• For cleaning and sanitising activities, fees charged shall be based on the number of days and hours worked • For manufacturing-related activities, fees charged shall be based on the output levels of foreign workers, determined based on the units of production or number of days and hours provided in manufacturing-related services
Adjustability of fees	Adjustable if other necessary charges are imposed by the relevant authorities (depending on the individual contracts)	Adjustable if other necessary charges are imposed by the relevant authorities (depending on the individual contracts)
Accommodation and transportation	Responsibility of our customers. If required, we will manage the accommodation and transportation of the foreign workers. Thus, we will incur such costs and will subsequently invoice our customers based on the pre-agreed rates	Responsibility of MGB Group
Payroll	Responsibility of our customers. However, we will manage the payroll of the foreign workers. As such, we will incur the wages of the foreign workers and will subsequently invoice our customers based on the pre-agreed rates	Responsibility of MGB Group

2.4 Quality assurance

We believe that placing strong emphasis on the quality of our solutions and services is the key to our continued growth and therefore we accord high priority to quality assurance of our services. We believe in cultivating long term relationships with our employees and our customers as they provide consistent feedback to enable us to maintain and offer high standards of quality solutions and services.

As a testament to our commitment to quality solutions and services, MRSB has been assessed and certified with ISO 9001:2008 under the category of "Supply and Management of Foreign Manpower Outsourcing Services". This accreditation was subsequently updated to ISO 9001:2015 in June 2018. Please refer to Section 2.8, Part I of this Information Memorandum for further details of our awards and recognitions received.

Our Group has also developed and implemented a quality manual which outlines procedures and control in relation to quality management system, communication with customers, revision on quality manual and procedures, management review, training, internal quality audits, evaluation and selection of foreign partners in source countries, and non-conforming services.

We have developed and adopted the following quality assurance measures for our services and solutions:

(a) Selection of quality Foreign Partners

These are accredited foreign recruitment agencies in source countries and the Foreign Partners are selected based on, amongst others, their experience, expertise, service quality and past performances. To ensure that the foreign workers which are or being recruited by the Foreign Partners are of quality, we follow the selection criteria pre-set by us when selecting suitable Foreign Partners to collaborate and to recommend to our customers. Among the selection criteria are their portfolio of customers, experience in handling foreign workers' related issues and compliance with relevant laws and regulatory requirements.

(b) Regular inspections and site visits

Our operation and sales team conducts routine inspections and site visits at the relevant work sites to ascertain our customers' satisfaction with our service quality and ensure that the foreign workers perform their duties with care and diligence and adhere to the standards set by our customers. In addition, our operation and sales team works closely with our customers to obtain their feedbacks and attend to complaints/issues raised. Our management team conducts weekly progress meetings with our operations managers to ensure that our customers' feedback and complaints/issues are dealt with promptly.

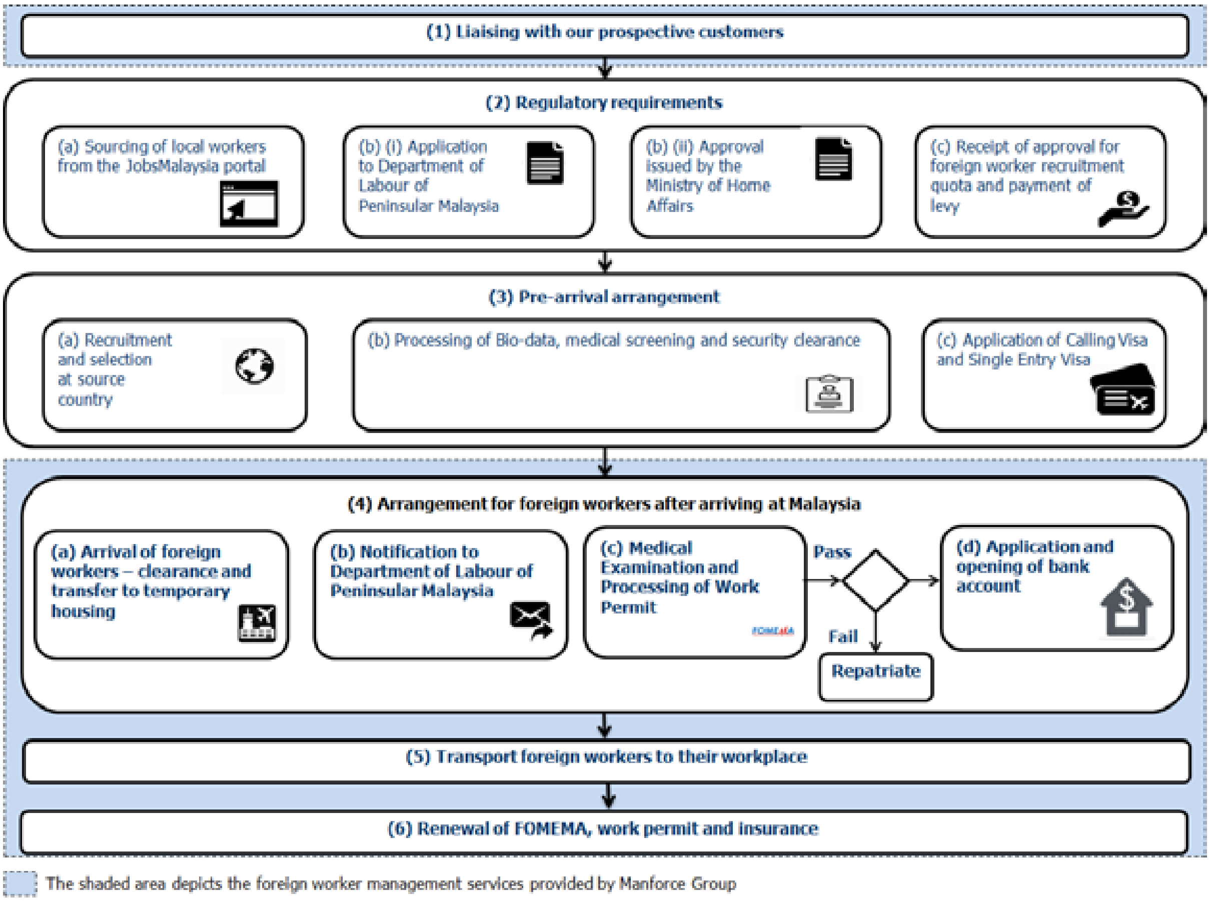
2.5 Principal markets

Our principal market is Malaysia and our customers are mainly those involved in the manufacturing and services industries.

2.6 Our business processes

2.6.1 Process flow for foreign workers management service

The following illustrates the general processes for the recruitment of foreign workers. The shaded area depicts the foreign workers management services provided by our Group.



Notes:

Under item (2) – Regulatory requirements, our role is confined to providing advice and guiding our customers in relation to regulatory requirements for the hiring and recruiting of foreign workers in Malaysia.
Under item (3) – Pre-arrival arrangement, our role is confined to recommending Foreign Partners to our customers.

(a) Liaising with our prospective customers

For the foreign workers management services business segment, we engage our customers to understand their human resource needs for its manufacturing/service activities, such as the number of foreign workers required, job description, duration and its related welfare requirements. We then communicate the requirements with our Foreign Partners to enable them to match the job vacancies with the suitable foreign workers for recruitment and prepare a proposal specifying the terms and conditions including fees structure for our customers. A typical proposal will first involve the sourcing of local workforce as it is a general requirement under the Malaysian employment policies. It is usually difficult to source for local workforce; however, this is a necessary step to proceed with the application for foreign workers recruitment quota.

(b) Regulatory requirements

Local job seekers are given priorities, thus job vacancies are first posted on the JobsMalaysia portal. If these vacancies are not filled by the local labour market, our customers will obtain such written confirmation from the Department of Labour of Peninsular Malaysia before they can proceed to submit the application for recruitment quota for hiring foreign workers. We will guide and assist our customers in relation with the procedures and preparation of requisite documents for the application.

The application for the recruitment quota for hiring foreign workers is submitted via the ePPAx online system. An officer from the Department of Labour of Peninsular Malaysia will then conduct a site visit to our customers' operational premises to inspect and review its labour requirements and compliance with the relevant laws and regulations of Malaysia. Our customers will then attend an interview with the relevant ministries and departments at the One Stop Centre in Putrajaya. The results of the application will then be communicated to our customers on the interview day. If the application is rejected, our customers will address the reasons of rejection stated and then resubmit the application through ePPAx online system.

Upon receiving the approval for the recruitment quota for hiring foreign workers from the Ministry of Home Affairs, Malaysia, our customers shall pay the foreign worker levies within thirty (30) days from the date of approval, failing which the said approval shall be forfeited. Our services may extend to advance payment of foreign workers' levies on behalf of the customers. The validity period for the recruitment of foreign workers is generally eighteen (18) months starting from the date of levies payment been made.

(3) Pre-arrival arrangement

(i) Recruitment and selection

Our customers must obtain an attestation letter from the source country's embassy in Malaysia to confirm that they are allowed to recruit the citizen of the source country for employment in Malaysia. As part of our service offerings, we will assist our customers to engage with our Foreign Partners in the respective source countries to recruit the candidates that match the job requirements and descriptions. The Foreign Partners will then submit the necessary documents to the labour department of the source country to obtain their consent to conduct the recruitment process. We will then conduct interviews and screening process of candidates available together with our Foreign Partners.

(ii) Processing of bio-data, medical screening and security clearance

Selected foreign workers will undergo a mandatory bio-medical registration at accredited medical centres in the source country. Thereafter, they will proceed to the respective source country's Immigration Security Clearance ("ISC") for verification and the results will be updated into the Foreign Workers Centralized Management System ("FWCMS") online portal. Our customers will also be given an Insurance Transaction Reference ("ITR") number to purchase the required insurance policies/schemes on behalf of the foreign workers. We also offer the required foreign workers insurance to our customers hiring foreign workers.

Upon receiving clearance from the respective ISC, our customers will then proceed with the application of the Calling Visa via the FWCMS online portal, on behalf of the successful foreign worker. Again, we guide our customers to prepare the necessary documents for submission of the application of the Calling Visa. The Immigration Department of Malaysia will then verify the information submitted via the FWCMS portal and subsequently approve the Calling Visa application. Thereafter, the foreign worker will be issued with the Single Entry Visa by the Malaysian embassy in the respective source country to legally enter Malaysia. We will make the necessary travelling and accommodation arrangements for the foreign workers to enter Malaysia. We will also provide the necessary trainings and orientation to the foreign workers.

(4) Arrangement for foreign workers after they arrived at Malaysia

Upon arrival of the foreign workers in Malaysia, all relevant documents required (e.g. visas, letters of approvals from relevant departments/ministries) shall be presented for immigration clearance. Thereafter, our customers will notify the details of the foreign workers to the Department of Labour of Peninsular Malaysia.

As part of our scope of service, we will arrange for the foreign workers to undergo a mandatory medical examination at a FOMEMA registered panel/medical centre within thirty (30) days of their arrival in Malaysia. If their health status is unsatisfactory, an appeal will be submitted to FOMEMA. If the appeal is rejected, arrangements will be made to send the foreign worker back to his/her home country.

If their health status is cleared/approved by FOMEMA, their passports and insurance policies shall then be submitted to the Immigration Department of Malaysia to obtain the work permit stickers and identification card ("i-Kad"). We shall also guide the foreign workers to open relevant banking facilities. Upon collection of i-Kad, the foreign workers can then start work at the designated place of employment. Briefings and trainings sessions will be provided to familiarise these foreign workers on the job scope, rules/regulations and requirements, health and safety standards as well as related information that is necessary.

(5) Transportation of foreign workers to their workplace

We will arrange transportation for foreign workers to/from their respective workplace.

(6) Renewal of work permit and insurance

We monitor the validity of the foreign workers' work permits and insurance policies and assist in the application for renewal of the foreign workers' work permits at least four (4) months prior to their expiry date after they pass their FOMEMA medical examination. If the foreign worker fails to pass the FOMEMA medical examination, we will arrange to send the foreign workers back to their source countries.

2.6.2 Process flow for manual labour services

We seek new business opportunities for our manual labour services mainly through incoming enquiries from new and existing customers, and referrals from existing customers as well as active marketing activities carried out by our sales managers with potential customers.

(1) Liaising with our prospective customers

We liaise with our customers to understand their human resources requirements. For our manufacturing customers, such requirements include the projected production output required for the year, the manpower and timeline to meet the projected production output. For our customers in the services sector such as the hospitality and retail industries, the requirements includes the locations, manpower and hours required for cleaning and sanitising services.

Based on these requirements, we provide a fee proposal which typically contains amongst others, the number of foreign workers to be deployed, the contract duration of our manual labour services, the pre-agreed monthly charges for our provision of manual labour services, rights and obligations of our customers and standard termination clauses.

(2) Selection, hiring and deployment of foreign workers

(i) Matching of workers

Upon formalising our service agreements with prospective customers, we shall proceed to select and match the suitable workers (i.e. relevant experience in the works to be performed) from the pool of foreign workers in our employment. We shall determine the availability of foreign workers from our pool of existing foreign workers employed by our Group. If the number of foreign workers available is insufficient to fulfil the requirement, we shall proceed with the application for additional recruitment quota of foreign workers to the relevant ministries and labour departments in Malaysia. Thereafter, we shall proceed with the relevant recruitment, interview and selection process by actively engaging our Foreign Partners.

(ii) Briefing to workers

Prior to the commencement of the manual labour services, we provide briefing such as job scope, location of workplace, distance between accommodation and workplace, emergency and safety manuals to our deployed foreign workers.

(3) Service quality and customers' requirement assurance

Upon the deployment of the foreign workers to the respective work sites, services will be carried out by our foreign workers as per agreed and stated in the services contract. For service industries, our sales personnel and service team will conduct regular site visits to supervise the service qualities provided by the foreign workers and engage with customers the situation of the workplace and follow up closely with our customers on any specific requirements needed.

For manufacturing industries, we will appoint an on-ground supervisor from our team of foreign workers to monitor their efficiency at the respective work sites in order to meet the projected production outputs. The supervisor may impose overtime to meet the given production output in the dedicated timeline when there is a possibility of delay cause by unusual circumstances. In addition, the supervisor will be in-charge of manpower resource allocation in the workplace i.e. new foreign workers with minimal experience in the assembly of electronic parts will be assigned to work in the department which are comparatively simpler than the others in order to guarantee the production outputs are not impacted. The supervisor is stationed at the workplace to also ensure the foreign workers are complying with the safety manual or rules and regulations set by the customers in the workplace.

(4) Billing of services

At the end of each month, we will collect the results from the customers' workplace and then proceed to prepare the invoices on the services carried-out. For services industries, we will collect the foreign workers' attendance records from the respective workplace and proceed for invoices preparation.

For manufacturing services, we will collect the unit production outputs reports from our customers and proceed with preparation of invoices according to piecemeal basis as per agreed rate in the contract. Customers will pay us according to the total production output our foreign workers have produced on monthly basis.

2.7 Marketing and business development strategies

We employ the following marketing and business development strategies to sustain and expand our business activities:

(a) Drawing more business opportunities from our existing and new customers

We aim to provide and/or expand our service offerings in the areas of foreign workers management services by tapping into the management of the additional/existing workforce of our customers. Some of these customers may have various operational sites located nationwide and we may look into the possibility of providing management services of foreign workers located at different locations.

In addition, we believe that our Group can expand our business of providing manual labour services and management services for foreign workers employed by our customers if we are to continue to increase our available resources (such as number of foreign workers for deployment and number of sales managers required to oversee these foreign workers). As our manual labour services are labour intensive, we consider that maintaining a pool of available foreign workers equipped with appropriate trainings and skills in performing manual labour services is crucial to our continuous success. This would then be beneficial to our customers who seek ways to fulfil its manpower requirements for its activities/business operations by engaging our services and solutions. In addition, it also provides flexibility to deploy our foreign workers to customers requiring such manual labour services at short notices.

(b) Leveraging on business networks and established track record

The overall marketing and business development activities of our Group are spearheaded by Dato Wong and Wong Chen An, together with the support of our senior management personnel. They are actively involved in the promotion of our solutions and services to existing and new customers. They are responsible for generating new customer's accounts, fostering long-term and strong relationships with existing customers and generating and concluding new services contracts. They also attend to customers' enquiries and arrange for the submission of timely proposals to our customers according to their specifications and requirements.

Over the years, our established track record has earned our Group many recurring and new customers through referrals from existing customers. In addition, our Group continuously seeks to explore for new business opportunities by leveraging on the established network of business contacts that our Directors and key management personnel have developed over the years.

(c) Corporate website

We maintain our Group's presence and visibility via our corporate website at http://www.manforce.net which provides our solution and service offerings as well as updates on the regulatory requirements and laws pertaining to the employment and management of foreign workers in Malaysia.

(d) Workshops

We organise regular workshops to create awareness and educate employers/businesses on various matters related to the employment and management of foreign workers in Malaysia. This includes latest Government policies, laws and regulations, minimum wage rate policies, accommodation standards, health and safety requirements as well as other related information/matters which may be useful to guide them on the employment of foreign workers. Such workshops also are a platform for us to promote our range of solutions and services to potential customers.

2.8 Awards and recognitions

Our key awards and recognitions obtained over the years are as follows:

Year	Awards and recognitions
2007	• Awarded with Golden Award under 1st Top 50 Enterprise Awards Malaysia 2007 by Malaysia Entrepreneurs' Development Association
2011	• Certified with the Malaysian and British ISO 9001:2008 under the category of "Supply and Management of Foreign Manpower Outsourcing Services". This accreditation was subsequently updated to ISO 9001:2015 in June 2018.
2012	• Awarded with Super Service Quality Award by Asia Success Inc. Alliance for The Best Service Agency in Foreign Manpower Recruitment
2015	• Awarded with Asia Pacific Award under the category "Masterclass – Socially Responsible Company in Labour Standard" by Junior Chamber International Achiever and Corporate Social Responsibility Daily
2016	• Awarded with Selangor Excellence Awards 2016 by Dewan Perniagaan Melayu Malaysia – Selangor for Foreign Worker Management

2.9 Technologies used

Our Group engages with IT service providers to provide, develop and improve our payroll and human resource management systems (i.e. MTS, iPay and HealthMetrics), which includes upgrading of servers, platforms, functionalities and other technological means. The payroll and human resource management systems used by our Group are as follows:

(a) MTS

A real time web-based human resource management system used by both our personnel and Foreign Partners to track and manage various administrative matters and workforce performance reports of foreign workers. All communications, processes and related matters in relation to foreign workers are communicated via MTS. Some of the key features of the MTS are:

(i) Foreign worker profile management – Foreign workers' biodata, passport information, medical screening results, insurance coverage and expiry date and work visa and permit expiry date are tracked

(ii) Work demand and scheduling – Creation and editing of work schedules of foreign workers. Workforce summary statistics can be accessed to fulfil the number of foreign workers required by customers

(b) iPay

Payroll management system that enables our management to perform the following functions:

(i) Calculation and payment of foreign workers' salaries based on a pre-set schedule and timely manner. It consolidates attendance, salary grade, benefits, reimbursements, leaves, advances, overtime incurred and salary terms and conditions to compute salaries

(ii) Record keeping of salaries and payrolls – This module generates payroll reports such as payslips and salary summaries.

(c) HealthMetrics

A system that facilitates foreign workers' daily medical treatment requirements. Among the key features of HealthMetrics are:

(i) Real-time information – Records health/medical records of foreign workers (e.g. number of medical leaves taken/available, location of nearest healthcare service provider, leave attendance, etc). Records digital medical certificates to authenticate their current health status and all medical bills incurred.

(ii) Access to medical treatment – By showing i-Kad or Passport copy with HealthMetrics sticker on it, foreign workers can seek immediate medical treatment at any panel healthcare providers/clinics, without having to pay for their medical fees upfront.

2.10 Major customers

Our customers are mainly involved in the following business activities:

Sectors	Type of customers
Manufacturing	• Electrical and electronic manufacturers • Plastic manufacturers • Other engineering service related industries
Services	• Shopping centres and hypermarkets • Convenience stores • Food and beverages outlets • Hospitality and theme parks

Our Group's major customers contributing more than 5.0% of our Group's total annual revenue for each of the past FYE 2016 and 2017 as well as FPE 31 March 2018 are as follows:

	Audited				**Unaudited**	
	FYE 2016		**FYE 2017**		**FPE 31 March 2018**	
Major Customers	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Panasonic AVC Networks Johor Malaysia Sdn Bhd	4,682	6.8	5,665	7.3	2,166	5.6
GCH Retail (Malaysia) Sdn Bhd	3,785	5.5	6,036	7.8	2,365	6.1
Daikin Malaysia Sdn Bhd	2,879	4.2	3,958	5.1	1,616	4.1
KESM Industries Berhad	3,008	4.4	3,895	5.1	2,724	7.0
Total	**14,354**	**20.9**	**19,554**	**25.3**	**8,871**	**22.8**

For the foreign workers management services business segment, our Group captures the foreign workers' direct cost (such as wages, accommodation, etc) as our cost of sales and our recorded revenue includes the recovery of such direct cost, as elaborated below:-

(a) The actual invoicing/billing is based on pre-agreed rates per foreign worker depending on shift (normal day, public holiday or overtime) and our Group is thus responsible to ensure the welfare and payrolls of the foreign workers are being managed appropriately in order for the foreign workers to perform their day-to-day operations effectively

(b) Our Group assumes the risk for the management of the foreign workers employed by our customers, thus our Group also bears all direct foreign workers costs (such as wages, accommodation, etc) incurred as our cost of sales

(c) The management service rate is determined after taking into account the direct foreign workers costs (such as wages, accommodation, etc) incurred by our Group.

The GP generated from this segment would represent the "management fees" earned by us for providing such management services.

Our administrative expenses incurred include those attributable to the foreign workers management services business segment, which mainly comprise the cost of administrative staffs that are involved in the management of the foreign workers affairs and related matters. However, it is not feasible to attribute such cost to the foreign workers management services business segment as the administrative staff functions are common costs incurred for our Group's entire operations.

For illustrative purposes only, using the average segment GP margin to derive the revenue (i.e. management service fees) of each major customer for the foreign workers management services business segment, the revenue contribution for our major customers would be as follows:-

	FYE 2016		FYE 2017		FPE 31 March 2018	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Panasonic AVC Networks Johor Malaysia Sdn Bhd	4,245	9.7	4,659	10.0	2,166	9.3
GCH Retail (Malaysia) Sdn Bhd	3,785	8.7	6,036	12.9	2,365	10.1
Daikin Malaysia Sdn Bhd	616	1.4	566	1.2	234	1.0
KESM Industries Berhad	644	1.5	557	1.2	395	1.7
Total	**9,290**	**21.3**	**11,818**	**25.3**	**5,514**	**22.1**

2.11 Major suppliers

Due to the nature of our business activities which are all service oriented, our Group does not have any major suppliers.

2.12 Major approvals, licences and intellectual properties

(a) Major approvals and licences

Save as disclosed below, there are no other major approvals, licences and permits issued to our Group in order for us to carry out our operations other than those pertaining to the general business requirements as at the LPD:

No.	Licencee	Issuing Authority / Licence no./ Certification no.	Date of issue / Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(a)	APMRSB	Department of Labour, Malaysia / 0013236	16 September 2017 / 15 September 2018[(iii)]	Private employment agency licence[(i)]	(a) The majority of the shares in the capital of the company are to be held by citizens of Malaysia (b) Charges for services shall be in accordance with the fees prescribed by the Private Employment Agencies Act 1981	Complied
(b)	RRSB	Construction Industry Development Board / 0120070319-WP112828	8 May 2017 / 7 May 2019	Certificate of registration of contractor (G3)[(ii)]	Certificate is non-transferable	Complied

Notes:-

(i) APMRSB was originally set-up in 2006 to undertake the local workers recruitment business activity and has obtained the said licence in 2010. This licence allows APMRSB to advertise job vacancies and to recruit local workers. However, our Group decided not to pursue with this business venture due to the business challenges faced. Instead, APMRSB has been focusing on the provision of insurance products to complement our Group's overall business activities.

(ii) This certificate has been obtained to facilitate the provision of manual labour services for construction-related activities. However, our Group has not commenced such activities.

(iii) The outcome of the renewal application is pending as at the LPD.

(b) Intellectual properties

Save as disclosed below, we do not have any other brand names, patents, trademarks, licences, technical assistance agreements, franchises and other intellectual property rights for our business operations as at the LPD:

No.	Trademark	Registered Owner	Trademark Application No./Class	Place of Application or Registration	Approving Authority	Status/ Registration Validity
(a)	Manforce Resources (M) Sdn Bhd	MRSB	07001121/35	Malaysia	Intellectual Property Corporation of Malaysia	Registered / 22 January 2007 to 22 January 2027
(b)		MRSB	2017060053/ 35	Malaysia	Intellectual Property Corporation of Malaysia	Registered / 2 June 2017 to 2 June 2027

2.13 Properties of our Group

2.13.1 Owned properties

The summary of the information on the material land and buildings owned by our Group as at the LPD are as follows:

No.	Postal address	Description	Land area/ Built-up area sq m	Express Condition	Existing use
(a)	No. 13, Jalan PJU 5/20E, Pusat Perdagangan Kota Damansara, 47810 Petaling Jaya, Selangor	A unit of 4-storey shop office	144.9/ 555.8	Commercial building	Office
(b)	No. 15, Jalan PJU 5/20E, Pusat Perdagangan Kota Damansara, 47810 Petaling Jaya, Selangor[(i)]	A unit of 4-storey shop office	144.9/ 555.8	Commercial building	Office

Note:

(i) Held in trust by Dato Wong in favour of MRSB pursuant to the trust deed dated 10 July 2007. Dato Wong is the midst of transferring the said property to MRSB.

Save as disclosed, our Group does not own any other properties.

2.13.2 Rented properties

Our Group has rented multiple properties for the purpose of accommodating our foreign workers and/or our customers' workers, and we have entered into various tenancy agreements with the respective owners and/or landlords of each property for a minimum period of twelve (12) months. As at the LPD, we have rental commitments of approximately RM29,280 per month for a total of nineteen (19) properties. These properties are generally located within the proximity of the workplace, where our foreign workers are currently being deployed.

2.14 Competitive strengths

Our business is supported by the following competitive strengths to sustain and expand our business activities:

(a) Extensive range of workforce-related solutions and services

We have an extensive range of solutions and services in the management of foreign workers, from the areas of human resources, administration, training, insurance coverage as well as welfare solutions to immigration related solutions. Although our range of solutions and services are currently being extended to the manufacturing and services sector, our extensive range of workforce related solutions and services can also be offered across a wide variety of industries, such as the construction, automotive and semiconductor industries.

In addition, we have a readily available pool of foreign workers to be deployed to provide manual labour services to satisfy the workforce requirements of our customers, especially in the event that they are unable to secure additional recruitment quotas to hire additional foreign workers to fulfil their operational requirements. With our ability to cross sell our solutions and services to our customers, they will benefit from the convenience, efficiencies and cost-saving solutions offered by us to fulfil their foreign workforce requirements in a short time frame.

(b) Established working relationships with Foreign Partners

We have long and established working relationships with most of the Foreign Partners, which are registered with their respective local Government authorities and have undergone the necessary audit procedures that enable them to submit the Calling Visa applications through FWCMS.

By engaging with the Foreign Partners, we are able to source and match suitable candidates with the relevant job requirements and descriptions, as they possess respective database and network of candidates in respective source countries. The Foreign Partners and our personnel shall jointly conduct interviews and screening process of candidates available. Thereafter, they shall assist with all necessary documents and applications required in the source country before they are sent to Malaysia to begin their employment.

We have worked closely with our Foreign Partners and have established good and stable working relationships with them. As at the LPD, we are engaged with a total of 18 Foreign Partners across multiple source countries. We typically have more than one (1) Foreign Partner in a single source country in order to secure more options of candidates and ensure that they have good track records and meet our Foreign Partners' selection criteria. Our established working relationships with the Foreign Partners have ensured a pool of quality foreign workers being recruited. We believe the ability of our Foreign Partners to accommodate tight deadlines while recommending suitable and quality foreign workers has helped us to build customers' trust and draw more businesses. Hence, we have established stable and long term relationships with our Foreign Partners.

(c) Use of IT in our business operations

Our Group strive to increase the digitisation of our business processes in order to maintain our competitive edge within the market. We have introduced and adopted our self-developed software into our business operations which have enabled greater efficiency and performance in service delivery and at the same time adding value to our services. The software that we are currently using are MTS, iPay and HealthMetrics.

The MTS facilitates our foreign worker management and manual labour services while the iPay facilitates the processing of foreign workers' monthly payroll. The use of IT helps to organise and streamline administrative tasks, reduce human errors and duplication works as well as reduce paper work. Further information on the IT that we are utilising is set out in Section 2.9, Part I of this Information Memorandum.

(d) Experienced key management team

We are led by an experienced key management team comprising capable and qualified professionals with extensive management, operating and in-depth industry knowledge and hands-on experience in their respective fields.

Our Group is spearheaded by our Managing Director, Dato Wong, who has over 20 years of experience in the foreign workers' recruitment and management. He is supported by our key management team consisting of qualified personnel, each possesses varying years of experience in their respective fields including accounting and finance, sales and marketing and human resources management. Their presence and leadership within our Group ensures smooth internal operations and sound business decision making process. Please refer to Sections 4.1 and 4.2, Part I of this Information Memorandum for further details of the credentials of our Directors and key management team.

2.15 Future plans

Our business objectives are to maintain sustainable growth in our business and to create long-term shareholder value. To achieve our business objectives, we will implement the following future plans over a period of twenty-four (24) months from the date of our Proposed Listing.

(a) Diversifying customer market segments for our services and expanding our market coverage in our existing market segments

Currently, we offer our services to the electrical and electronics and plastic manufacturing and the services sectors. We intend to adopt a two (2) pronged growth strategy:- (i) penetrate into other market segments, particularly construction, automotive and semiconductor; and (ii) increase our customer base in our existing market segment. We believe that by expanding our presence to new market segments and increasing our customer base, we will be able to broaden our revenue stream. We intend to focus on expanding the number of foreign workers that we manage and/or employ in order to achieve operational efficiencies through economies of scale thereby reducing overall operational cost per foreign worker.

In this respect, we intend to hire and/or manage up to 1,800 additional foreign workers, details of which are as follows:-

	Description	Notes	No. of foreign workers
(a)	New contracts for manual labour services	(i)	400
(b)	Existing customers with unutilised quota under our foreign workers management services	(ii)	450
(c)	Identified new customers and existing customers who are in the process of applying for recruitment quota under our foreign workers management services	-	650
(d)	New contracts for foreign worker management services	(iii)	300
Total			**1,800**

Notes:

(i) Comprises of new customers that we intend to secure and includes customers for our new market segment. In the first quarter of 2018, we have secured 300 recruitment quotas from the Ministry of Home Affairs, Malaysia for our manual labour services, all of which has been utilised. As at the LPD, we have yet to apply for this 400 additional recruitment quotas.

(ii) Out of this 450 recruitment quota, 382 were secured by our customers in the 2nd half of 2018.

(iii) Comprises of new customers that we intend to secure and includes customers for our new market segment.

Progress	:	On-going
Method of financing	:	RM7.16 million from the Proposed Listing. Kindly refer to Section 1.5, Part II of this Information Memorandum for further details
Timeframe	:	Within twenty four (24) months upon Proposed Listing

(b) Enhancing our service offerings

We intend to enhance our service offerings through improving the service quality of our foreign workers. In 2017, we have acquired 25.0% stake in M.R.H.. Through our involvement in M.R.H., we are in a better position to specify the stringent selection, screening and training of foreign workers who will be working in Malaysia and thus, improving the service quality of our foreign workers. We intend to further expand our in-house training in other source countries such as Indonesia and Myanmar via joint venture or collaborations with local partners in the respective source countries.

Progress	:	On-going
Method of financing	:	RM0.30 million via internally generated funds
Timeframe	:	Within twenty-four (24) months upon Proposed Listing

(c) Continuous development of our IT infrastructure

We intend to enhance our MTS and iPay by adding more functions such as payment gateway integration for MTS and biometric auto-attendance system for iPay. In addition, we will continue to ensure the smooth operations of our IT applications through upgrading of the hardware, software and server applications.

Progress	:	On-going
Method of financing	:	RM0.40 million via internally generated funds
Timeframe	:	Within twenty-four (24) months upon Proposed Listing

(d) Expansion of support team

We intend to recruit sales, support and administrative employees to support the operational needs that will arise from the expansion of our business. Kindly refer to Section 1.5, Part II of this Information Memorandum for further details of the hiring of additional marketing staff.

Progress	:	We are currently at the stage of identifying the potential candidates
Method of financing	:	RM0.38 million from the Proposed Listing
Timeframe	:	Within twelve (12) months upon Proposed Listing

2.16 Prospects of our Group

Our Board is positive of our Group's prospects after taking into consideration our future plans as elaborated above, our key competitive strengths and the positive outlook of the "Foreign Workers Management Services Market in Malaysia" from 2018 to 2022.

According to the IMR Report as attached in Part V: IMR Report prepared by Protégé Associates of this Information Memorandum, the foreign workers management services market is expected to register a steady growth throughout the forecast period. The continuous demand for our foreign workers management services stems mainly from the sustained growth in the services and manufacturing sectors that require additional foreign workers. The wholesale and retail sub-sector will continue to be the main contributor, supported by resilient consumer spending. In addition, the accommodation and restaurant sub-sector is expected to further expand due to higher tourist arrivals and receipts. Additional foreign services workers are expected to support the need for these activities in the services sector, thus driving the demand for not only foreign workers management services but also our manual labour services.

In addition, the export-oriented manufacturing sub-sectors such as the electrical and electronics, petroleum and chemicals, plastic products and non-metallic minerals sub-sectors are also expected to expand. As the manufacturing sector relies on foreign workers as key source of labour, the expansion in the sector will require additional foreign workers, which in turn drives the demand for not just foreign workers management services but also our manual labour services. Moreover, it is worth noting that our increasingly educated local workforce creates a need to continue to recruit foreign workers as the local workforce views these jobs as dangerous, dirty and difficult jobs ("3D jobs").

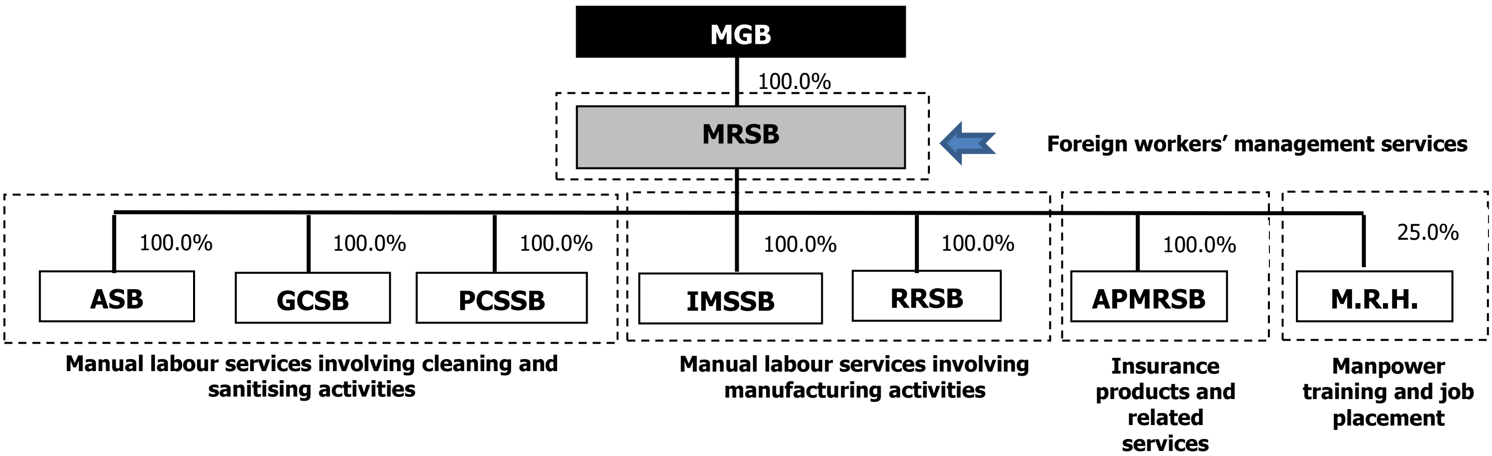
On the supply side, the income disparities between the source countries and Malaysia are expected to attract foreign workers to Malaysia. These factors are expected to have a positive impact on the foreign workers management services market. The number of registered foreign workers is estimated to grow at a CAGR of 1.6% from 1.8 million in 2017 to reach approximately 1.9 million in 2022. The projected influx of foreign workers to Malaysia is anticipated to positively impact the foreign worker management services market as our customers from the manufacturing and services sectors would require our services in the areas of human resources, administration and immigration related functions for foreign workers. Notwithstanding our future plans and prospects, Sophisticated Investors should take note of the risk factors relating to our Group as set out in Part III: Risk Factors of this Information Memorandum.

3. GENERAL INFORMATION OF OUR GROUP

3.1 Incorporation and history

We were incorporated in Malaysia on 26 April 2017 under the Act. Through our subsidiaries, we are principally involved in the provision of foreign workers management services and manual labour services to customers in the manufacturing and service sectors.

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



Our share capital as at LPD is RM13,599,261 comprising 271,985,180 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 issued share capital RM
26 April 2017	2	RM2.00/Subscribers' shares	2
13 September 2018	271,985,178	Issued pursuant to the Acquisition of MRSB	13,599,261

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in our Company. In addition, there are no discounts, special terms or instalment 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 RM57,579,864.40 comprising 319,982,580 Shares.

3.2 Details of the Acquisition of MRSB

In preparation for our Proposed Listing, we have undertaken the Acquisition of MRSB. On 10 July 2018, our Company entered into a conditional share sale agreement with the Vendors to acquire the entire equity interest in MRSB comprising 1,000,000 ordinary shares for a total purchase consideration of RM13,599,259. The purchase consideration for the Acquisition of MRSB was satisfied by the issuance of 271,985,178 new Shares to the Vendors at an issue price of RM0.05 each.

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

Vendors	No. of ordinary shares in MRSB acquired	% of share capital in MRSB	Purchase consideration RM	No. of Shares issued
Dato Wong	900,000	90.0	12,239,333	244,786,661
Datin Lim	100,000	10.0	1,359,926	27,198,517
Total	**1,000,000**	**100.0**	**13,599,259**	**271,985,178**

The Acquisition of MRSB was completed on 13 September 2018. Thereafter, MRSB became our wholly-owned subsidiary.

The total purchase consideration of RM13,599,259 for the Acquisition of MRSB was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of MRSB as at 30 September 2017 of RM13,599,259.

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

3.3 Details of subsidiaries and associate company

3.3.1 MRSB

MRSB was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 17 May 2004 under the name of Call Mark Marketing Sdn Bhd. It assumed its present name on 23 August 2004 and commenced its business on 17 May 2004.

MRSB is principally involved in the provision of foreign worker management services. There have been no material changes in the manner in which MRSB conducts its business or activities since the last three (3) years prior to the LPD. As at LPD, MRSB has six (6) subsidiaries, namely APMRSB, IMSSB, RRSB, PCSSB, GCSB and ASB as well as one (1) associated company, namely M.R.H..

MRSB's share capital as at LPD is RM1,000,000 comprising 1,000,000 ordinary shares. The changes in the share capital of MRSB since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Types of issue	Cumulative share capital RM
17 May 2004	2	RM2/Subscribers' shares	2
9 August 2004	98	Cash	100
20 July 2006	299,900	Cash	300,000
29 December 2006	200,000	Cash	500,000
25 September 2009	500,000	Cash	1,000,000

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

As at the LPD, the Directors of MRSB are Dato Wong and Datin Lim.

3.3.2 APMRSB

APMRSB was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 21 November 2006 under its present name and commenced business on 1 October 2012.

APMRSB is principally involved in the provision of insurance products and services. There have been no material changes in the manner in which APMRSB conducts its business or activities since the last three (3) years prior to the LPD. As at LPD, APMRSB does not have any subsidiary or associated company. APMRSB's share capital as at LPD is RM250,000 comprising 250,000 ordinary shares. The changes in the share capital of APMRSB since its incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative share capital RM
21 November 2006	2	RM2.00/Subscribers' shares	2
10 January 2007	24,998	RM24,998/Cash	25,000
24 July 2018	225,000	RM225,000/Cash	250,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in APMRSB. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment of APMRSB's ordinary shares. As at LPD, the Directors of APMRSB are Dato Wong, Datin Lim and Wong Chew Li (daughter of Dato Wong and Datin Lim).

3.3.3 IMSSB

IMSSB was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 15 September 2003 under the name Fastica Solutions Sdn Bhd. Subsequently, it changed its name to Reflexi Resources (Ipoh) Sdn Bhd on 6 November 2003. IMSSB assumed its present name on 30 June 2005 and commenced its business on 15 September 2003.

IMSSB is principally involved in the provision of manual labour services involving manufacturing-related activities utilising foreign workers that are employed by IMSSB. There have been no material changes in the manner in which IMSSB conducts its business or activities since the last three (3) years prior to the LPD. As at LPD, IMSSB does not have any subsidiary or associated company.

IMSSB's share capital as at LPD is RM100,000 comprising 100,000 ordinary shares. The changes in the share capital of IMSSB since its incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative share capital RM
15 September 2003	2	RM2.00/Subscribers' shares	2
11 October 2005	98	RM98/Cash	100
12 October 2012	99,900	RM99,900/Cash	100,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in IMSSB. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment of IMSSB's ordinary shares. As at LPD, the Directors of IMSSB are Dato Wong and Datin Lim.

3.3.4 RRSB

RRSB was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 26 July 2003 under the name Forefront Services Sdn Bhd. RRSB assumed its current name on 26 September 2003 and commenced its business on 26 July 2003.

RRSB is principally involved in the provision of manual labour services involving manufacturing activities utilising foreign workers that are employed by RRSB. There have been no material changes in the manner in which RRSB conducts its business or activities since the last three (3) years prior to the LPD. As at LPD, RRSB does not have any subsidiary or associated company.

RRSB's share capital is RM100,000 comprising 100,000 ordinary shares. The changes in the share capital of RRSB since its incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative share capital RM
26 July 2003	2	RM2.00/Subscribers' shares	2
8 November 2004	99,998	RM99,998	100,000

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

As at LPD, the Directors of RRSB are Dato Wong and Datin Lim.

3.3.5 PCSSB

PCSSB was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 25 February 2010 under its present name and commenced business on 2 January 2012.

PCSSB is principally involved in the provision of manual labour services involving cleaning and sanitising activities utilising foreign workers that are employed by PCSSB. There have been no material changes in the manner in which PCSSB conducts its business or activities since the last three (3) years prior to the LPD. As at LPD, PCSSB does not have any subsidiary or associated company.

PCSSB's share capital is RM100,000 comprising 100,000 ordinary shares. The changes in the share capital of PCSSB since its incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative share capital RM
25 February 2010	2	RM2.00/Subscribers' shares	2
4 March 2010	99,998	RM99,998/Cash	100,000

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

As at LPD, the Director of PCSSB is Dato Wong.

3.3.6 GCSB

GCSB was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 27 January 2012 under its present name and commenced business on 14 June 2016.

GCSB is principally involved in the provision of manual labour services involving cleaning and sanitising activities utilising foreign workers that are employed by GCSB. There have been no material changes in the manner in which GCSB conducts its business or activities since the last three (3) years prior to the LPD. As at LPD, GCSB does not have any subsidiary or associated company.

GCSB's share capital is RM100,000 comprising 100,000 ordinary shares. The changes in the share capital of GCSB since its incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative share capital RM
27 January 2012	2	RM2.00/Subscribers' shares	2
7 October 2015	99,998	RM99,998/Cash	100,000

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

As at LPD, the Directors of GCSB are Dato Wong and Datin Lim.

3.3.7 ASB

ASB was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 13 September 2005 under the name Aim Arden Sdn Bhd. ASB assumed its present name on 28 May 2015 and commenced its business on 12 May 2016.

ASB is principally involved in the provision of manual labour services involving cleaning and sanitising activities utilising foreign workers that are employed by ASB. There have been no material changes in the manner in which ASB conducts its business or activities since the last three (3) years prior to the LPD. As at LPD, ASB does not have any subsidiary or associated company. As at LPD, the Directors of ASB are Dato Wong and Datin Lim.

ASB's share capital is RM100,000 comprising 100,000 ordinary shares. The changes in the share capital of ASB since its incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative share capital RM
13 September 2005	2	RM2.00/Subscribers' shares	2
1 December 2008	9,998	RM9,998/Cash	10,000
1 September 2015	90,000	RM90,000/Cash	100,000

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

3.3.8 M.R.H.

M.R.H. is an associate company of our Group and was incorporated in Nepal under the Companies Act 2006 as a private limited company on 28 August 2016 under its present name and commenced its business on 1 October 2016.

M.R.H. is principally involved in the provision of training and job placement. There have been no material changes in the manner in which M.R.H. conducts its business or activities since the last three (3) years prior to the LPD. As at LPD, M.R.H. does not have any subsidiary or associated company.

M.R.H.'s share capital is NPR2,400,000 comprising 24,000 ordinary shares. The changes in the share capital of M.R.H. since its incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration/Types of issue	Cumulative share capital NPR
28 August 2016	24,000	NPR2,400,000/Subscribers' shares	2,400,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in M.R.H.. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment of M.R.H.'s ordinary shares. As at LPD, the Directors of M.R.H. are Nima Tamang, Rinji Raj, Amir Bastola and Dato Wong. Their shareholdings in M.R.H. are as follows:

Names	Nationality/Place of incorporation	No. of shares held	Percentage of shareholdings (%)
Nima Tamang	Nepalese	6,000	25.0
Rinji Raj	Nepalese	6,000	25.0
Amir Bastola	Nepalese	6,000	25.0
MRSB	Malaysia	6,000	25.0

3.4 Shareholdings structure

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

	(ii)As at LPD				(v)After Proposed Placement			
	Direct		Indirect		Direct		Indirect	
Shareholders	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato Wong	244,786,662	(i)90.0	27,198,518	(iii)10.0	(i)244,786,662	76.5	(iii)27,198,518	8.5
Datin Lim	27,198,518	(i)10.0	244,786,662	(iv)90.0	(i)27,198,518	8.5	(iv)244,786,662	76.5

Notes:

(i) Including two (2) subscribers shares transferred to Dato Wong and Datin Lim, which was transferred on 20 September 2018
(ii) Based on our existing share base of 271,985,180 Shares in issue
(iii) Deemed interested by virtue of his relationship with his spouse, namely Datin Lim
(iv) Deemed interested by virtue of her relationship with her spouse, namely Dato Wong
(v) Based on our Company's enlarged share base of 319,982,580 Shares upon completion of the Proposed Placement

3.5 Cost of investments

Details of the cost of investments of the Vendors in MRSB are as follows:

Vendors	Cost of investment (RM)	Date of investments
Dato Wong	900,000	10 October 2005; 20 July 2006; 29 December 2006 and 25 September 2009
Datin Lim	100,000	6 July 2007 and 25 September 2009

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

4.1 Profiles of our Directors

(a) Tengku Faizwa Binti Tengku Razif

Tengku Faizwa Binti Tengku Razif, a Malaysian, aged 38, was appointed as our Independent Non-Executive Chairman on 18 September 2018.

She graduated with a Bachelor of Management (Honours) in Marketing from the Universiti Sains Malaysia in August 2002. Her career started with her involvement with the organisation of the World Memory Championship 2003 in Kuala Lumpur. Thereafter, she continued to pursue her passion for mental literacy by founding and becoming an Executive Director of The Switch Sdn Bhd, a company specialising in training and consultation on personal development and human resource in January 2004 until September 2010.

She is also the Founding President of Malaysia Young Female Entrepreneur Network, a non-government organisation registered in April 2012 under the Registrar of Youth Societies, Ministry of Youth and Sports, Malaysia that was established to encourage young Malaysian females to participate in entrepreneurship and business.

Tengku Faizwa Binti Tengku Razif does not have any family relationship with any director and/or substantial shareholders of our Group nor does any of her involvement in any businesses outside of our Group give rise to any conflict of interests with our Group.

(b) Dato Wong

Dato Wong, a Malaysian, aged 55, is our co-founder, Promoter, substantial shareholder and Managing Director. He was appointed to our Board on 18 September 2018. He has been responsible for spearheading the business growth of our Group since 2004. He is responsible for providing strategic corporate direction and overseeing all business operations of our Group which include ensuring our Board decisions and directions are implemented, providing strong leadership, communicating our Group's vision, management, philosophy and business strategies to our employees, keeping our Board fully informed of all important aspects of our Group's operations as well as ensuring sufficient and updated information is disseminated to our Board.

He completed his secondary education at SMK Sultan Abdul Jalil in Kluang, Johor in 1981. As our co-founder, he has more than thirty-five (35) years of managing and running businesses with nineteen (19) of those years directly involved in the foreign workers management services market in Malaysia. Upon completing his secondary education, Dato Wong assisted his family's poultry wholesale business until 1995. Subsequently, he ventured out on his own and was involved in establishing various businesses which include trading of household products and recruitment of domestic helpers and foreign workers. In 2004, he co-founded MRSB with Datin Lim.

He was appointed as Honorary Advisor for the Multi Mutual Charity Association of Kuala Lumpur and Selangor between 2012 and 2017 as well as for the Hakka Association (Kluang Branch) in 2014. He has also been a member of Vistage Malaysia, an organisation of Chief Executive Officers and business owners since 2015. In addition, he was elected to become a Director of Human Resource Development Group for the Negeri Sembilan Chinese Chamber of Commerce and Industry of Malaysia in 2016.

He is the spouse of Datin Lim and the father of Wong Chew Li, Wong Chen Yong and Wong Chen An as well as father-in-law of Ng Chee Kiong. Save as disclosed, he 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 interest with our Group. Wong Chen Yong is responsible for assisting Dato Wong on the day-to-day operations. However, he is not part of the key management of our Group as he does not hold any executive/management positions in our Group.

(c) Datin Lim

Datin Lim, a Malaysian, aged 55, is our co-founder, Promoter, Non-Independent Non-Executive Director and substantial shareholder. She was appointed to our Board on 18 September 2018.

Upon completing her secondary education at SMK Sultan Abdul Jalil in Kluang, Johor in 1979, she started her career at Dato Wong's family poultry wholesale business. She was responsible for the procurement and delivery of chickens. In 2004, she co-founded MRSB with her husband, Dato Wong. During that time, she was involved in the day-to-day operations of MRSB. In 2005, she retired from her involvement in MRSB and was re-designated as the Non-Executive Director of MRSB during the same year.

She is the spouse of Dato Wong and the mother of Wong Chew Li, Wong Chen Yong and Wong Chen An as well as the mother-in-law of Ng Chee Kiong. Save as disclosed, she does not have any other family relationship with any director and/or substantial shareholders of our Group nor does any of her involvement in any businesses outside of our Group give rise to any conflict of interest with our Group.

(d) Chin Kok Weng

Chin Kok Weng, a Malaysian, aged 46, is our Executive Director and has been with our Group since February 2012. He was appointed to our Board on 18 September 2018. He is responsible for our Group's overall financial and accounting functions, which include financial review, cash flow management, financial planning functions and ensuring compliance with the regulatory reporting standards and requirements. In addition, he is also responsible for assisting Dato Wong in overseeing the operational matters of our Group, such as deployment, work tasks, counselling, administration, welfare and other related human resources functions.

He has approximately twenty (20) years of working experience in the accounting and finance field. He obtained his professional accounting qualification from the Association of Chartered Certified Accountants of United Kingdom in February 1997. He is a member of the Association of Chartered Certified Accountants since December 2000 and Malaysian Institute of Accountants since January 2004.

In July 1997, he started his career at Horwath Mok & Poon as an Audit Assistant. He was later promoted to Audit Senior in October 2000. During his stint there, he was involved in the planning, execution and finalisation of various audit assignments for private and public listed companies. He left Horwath Mok & Poon in March 2005. In June 2005, he joined Inmagine Sdn Bhd as a Finance Manager, where he was responsible for all matters related to accounts, finance and taxation. He left the company in March 2011 to join QC Marketing Sdn Bhd as its Finance Manager in May 2011. He was responsible for overseeing the treasury and accounts of the company. Subsequently, he left the company in January 2012.

In February 2012, he joined our Group as a Personal Assistant to our Managing Director to provide professional advice to Dato Wong particularly in the area of finance and assisting in overseeing our Group's operational matters. In October 2016, he was appointed as our Chief

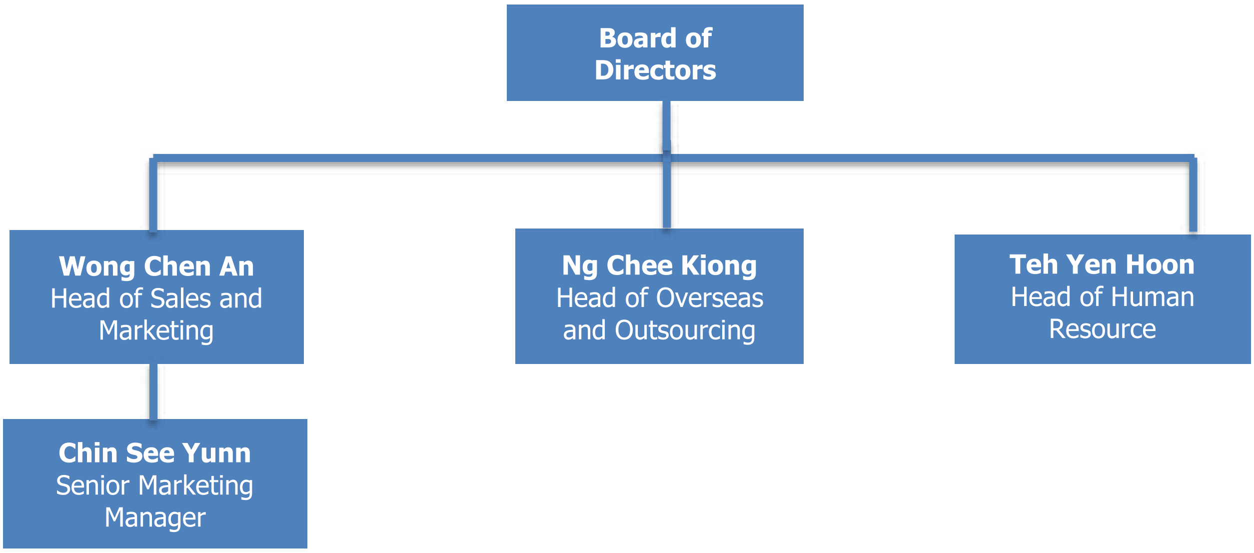
Finance Officer. Subsequently, he was appointed as our Executive Director on 18 September 2018.

Chin Kok Weng 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

The following depicts the organisational chart of our Group:



4.2.2 Shareholdings

Aside from our Promoters, our Directors (save for Dato Wong and Datin Lim) and key management personnel do not have any shareholdings in our Company as at the LPD and will not have any shareholdings in our Company after the Proposed Placement.

4.2.3 Profiles of our key management personnel

Save for the profiles of our Directors which are set out in Section 4.1 above, the profiles of our other key management personnel are as follows:

(a) Wong Chen An

Wong Chen An, a Malaysian, aged 27, is our Head of Sales and Marketing and has been with our Group since March 2012. He is primarily responsible for identifying new customers for our Group as well as developing, formulating and executing various sales strategies to increase our market coverage in the foreign workers management services industry.

He has nine (9) years of working experience in the sales and marketing field. He obtained his Certificate of Foundation in Business from Taylor's College, Kuala Lumpur in 2009. In June 2009, he started his career in Secure Corporate Services Sdn Bhd as a Sales Agent and was subsequently promoted to Senior Group Sales Manager in July 2010. During his stint there, he was responsible for the sales of Takaful insurance products as well as the recruitment and training of new sales agents. He left the company in February 2011. In March 2011, he joined

HRO Vision Sdn Bhd, a company that is involved in the sales of various telecommunication products of major mobile network operators in Malaysia as a Sales Leader where he was responsible for driving sales and training of new sales personnel. He left HRO Vision Sdn Bhd in January 2012 and subsequently joined our Group in March 2012 as the Head of Sales and Marketing, a position he has held since then.

He is the son of Dato Wong and Datin Lim. He is also the brother of Wong Chen Yong and Wong Chew Li. Save as disclosed, he 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 interest with our Group.

(b) Ng Chee Kiong

Ng Chee Kiong, a Malaysian, aged 32, is our Head of Overseas and Outsourcing and has been with our Group since January 2015. He is responsible for supervising and monitoring foreign workers recruitment process for our manual labour services and liaising with the Foreign Partners in source countries on matters relating to the sourcing and matching of suitable candidates with the relevant job requirements and description.

He obtained his Diploma in Business Studies (Marketing) from Tunku Abdul Rahman College in 2007. In January 2008, he began his career in Base-wel Industrial Supplier Sdn Bhd as a Logistics Officer where he was involved in handling warehousing and distribution services. He left the company in May 2009 to join Secure Corporate Services Sdn Bhd as a Sales Agent in June 2009. He was involved in the sales of insurance products and provided after-sales support services. He left the company in December 2010.

From January 2011 to June 2011, he was attached to MNC Hardware Trading Sdn Bhd as a Sales Executive where he was responsible for providing customer support services and managing the company's incoming inventories. In July 2011, he re-joined Base-wel Industrial Supplier Sdn Bhd as a Sales Executive. He was in-charge of the sales of industrial machinery and spare parts as well as tendering for projects for the company. He then left in December 2014 to join MRSB as an Overseas Operations Executive in January 2015. He was later transferred to RRSB in January 2016 and assumed the same position as an Overseas Operations Executive. In November 2017, he was promoted to Head of Overseas and Outsourcing, a position he has held since then.

He is the spouse of Wong Chew Li as well as the son-in-law of Dato Wong and Datin Lim. Save as disclosed, he 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 interest with our Group.

(c) Teh Yen Hoon

Teh Yen Hoon, a Malaysian, aged 38, is our Head of Human Resource and has been with our Group since September 2012. She was appointed on 1 September 2017. She is primarily responsible for overseeing all matters pertaining to our Group's overall human resource functions (excluding matters for foreign workers employed by our Group).

She graduated from Universiti Utara Malaysia, Kedah with a Bachelor of Business Administration (Honours) in 2004. Upon graduation, she started her career in CITC Converter Sdn Bhd as a Human Resource Executive where she was responsible for handling the recruitment of employees, which include handling the employment applications of foreign workers and the renewals and cancellations of work permits or employment passes of the foreign workers. She left the company in October 2006.

In November 2006, she joined Teale Industry Sdn Bhd as a Personal Assistant to the Regional Sales Director. She left the company in September 2008 to join Percetakan Prinpack Sdn Bhd as a Human Resource Executive in October 2008 where she was responsible for handling all human resource related matters for the company.

In April 2010, she left Percetakan Prinpack Sdn Bhd to join Cuscapi Berhad as a Human Resource Executive where she was responsible for handling the payroll, recruitment and training and development of employees. In September 2011, she joined Suez Domain Sdn Bhd as a Senior Human Resource and Administration Executive where she was involved in handling all administrative matters and staff recruitment before leaving in August 2012 to join MRSB as a Human Resource Senior Executive. In September 2017, she was promoted to her current position.

(d) Chin See Yunn

Chin See Yunn, a Malaysian, aged 42, is our Senior Marketing Manager. She was appointed on 1 December 2016. She is responsible for assisting Wong Chen An in the execution and oversight of our Group's overall marketing activities.

She has fifteen (15) years of working experience in the sales and marketing field. She graduated from Sheffield Hallam University, United Kingdom with a Bachelor of Arts in Media Communication (Public Relations) in 2002. In October 2002, she started her career as a Marketing Communication Executive in I-Berhad, where she was responsible for planning and advertising sales promotion activities involved in home appliances. She was attached with I-Berhad until November 2005. From November 2005 to July 2007, she joined Cynnyx Sdn Bhd, a company involved in computer peripherals as a Senior Marketing Communication Executive where she was responsible for developing various marketing campaigns.

In July 2007, she joined Datumstruct Sdn Bhd, a company involved in networking equipment as a Senior Marketing Communication Executive where she was responsible for developing marketing campaigns. She left the company in September 2009 to join Fuji Xerox Asia Pacific Pte Ltd as a Senior Marketing Executive. She was responsible for the company's marketing strategies in Malaysia. After her 7-year stint there, she joined our Group in December 2016 and assumed her current position as the Senior Marketing Manager.

4.3 Employees

The following depicts the breakdown of our employees as at 31 December 2017 and as at the LPD:

	Number of employees	
Categories	**31 December 2017**	**LPD**
Executive Directors	2	2
Senior Manager & Managers	5	6
Professional/Executive	30	32
Clerical/Non-executive	53	52
Foreign workers	1,813	1,646
Total	**1,903**	**1,738**

As at LPD, all of our foreign workers possess valid working permits and the validity of a working permit for foreign workers hired by our Group is for the duration of three (3) years and is renewable upon expiry of each validity period, with a maximum period of up to ten (10) years. As at the LPD, we have a recruitment quota of 1,646, all of which has been utilised by our Group.

None of our employees belong to any labour union. As at LPD, there is no major industrial dispute pertaining to our employees. During FYE 2016, FYE 2017 and FPE 31 March 2018, there has not been any incident of work stoppage or labour disputes that has materially affected our operations.

4.4 Shareholdings as at LPD

4.4.1 Shareholdings of our Promoters and substantial shareholders in our Group

The shareholdings of our Promoters and substantial shareholders in our Group as at the LPD are as follows:

Promoters and substantial shareholders	(ii)As at LPD				After Proposed Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato Wong	(i)244,786,662	90.0	27,198,518	(iii)10.0	(i)244,786,662	76.5	(iii)27,198,518	8.5
Datin Lim	(i)27,198,518	10.0	244,786,662	(iv)90.0	(i)27,198,518	8.5	(iv)244,786,662	76.5

Notes:

(i) Including two (2) subscribers shares transferred to Dato Wong and Datin Lim on 20 September 2018
(ii) Based on our existing share base of 271,985,180 Shares in issue
(iii) Deemed interested by virtue of his relationship with his spouse, namely Datin Lim
(iv) Deemed interested by virtue of her relationship with her spouse, namely Dato Wong

4.4.2 Shareholdings of our Directors in our Group

The shareholdings of our Directors in our Group as at the LPD are as follows:

Directors	(ii)As at LPD				After Proposed Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tengku Faizwa binti Tengku Razif	-	-	-	-	-	-	-	-
Dato Wong	(i)244,786,662	90.0	27,198,518	(iii)10.0	(i)244,786,662	76.5	(iii)27,198,518	8.5
Datin Lim	(i)27,198,518	10.0	244,786,662	(iv)90.0	(i)27,198,518	8.5	(iv)244,786,662	76.5
Chin Kok Weng	-	-	-	-	-	-	-	-

Notes:

(i) Including two (2) subscribers shares transferred to Dato Wong and Datin Lim on 20 September 2018
(ii) Based on our existing share base of 271,985,180 Shares in issue
(iii) Deemed interested by virtue of his relationship with his spouse, namely Datin Lim
(iv) Deemed interested by virtue of her relationship with her spouse, namely Dato Wong

4.4.3 Shareholdings of our key management personnel in our Group

Our key management personnel presently does not hold and shall not hold any Shares in our Group pursuant to our Proposed Listing.

5. RELATED PARTY TRANSACTIONS

5.1 Related party transactions

Save as disclosed below, for the past two (2) FYE 2016 and 2017, FPE 31 March 2018 and the period from 1 April 2018 up to the LPD, 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 which are significant in relation to the business of our Group, as defined under the LEAP Listing Requirements:

					Value of transactions (Expense)/Income			
No.	Transacting parties	Company within our Group	Nature of relationship	Nature of transactions	FYE 2016 RM'000	FYE 2017 RM'000	FPE 31 March 2018 RM'000	From 1 April 2018 up to the LPD RM'000
(1)	CT World Incentive Sdn Bhd	IMISB	Dato Wong is our Group's Promoter, substantial shareholder and Executive Director Dato Wong is presently the substantial shareholder of CT World Incentive Sdn Bhd. Dato Wong was previously the director of CT World Incentive Sdn Bhd	CT World Incentive Sdn Bhd is principally involved in providing accounting support services. During FYE 2017, CT World Incentive Sdn Bhd had paid referral fees to IMISB for introducing new customers to them	-	340	-	-
(2)	Reflexi Resources HR Sdn Bhd	MRSB	Dato Wong is our Group's Promoter, substantial shareholder and Executive Director. Dato Wong was previously the director of Reflexi Resources HR Sdn Bhd	Income in relation to waiver of debts owing to Reflexi Resources HR Sdn Bhd (The waiver of debts was agreed by both parties before Reflexi Resources HR Sdn Bhd was struck-off in 2010. Due to omission of records at the event date/financial year, the amount owing was only captured as a waiver during to the review of our audited accounts in FYE 2016)	89	-	-	-

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

5.2 Other transactions

(a) Transactions that is unusual in their nature or conditions

Our Directors have confirmed that there were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or any of our subsidiaries were a party to for the past two (2) FYEs 2016 to 2017, FPE 31 March 2018 and the period from 1 April 2018 up to the LPD.

(b) Outstanding loans (including guarantees of any kind)

Save as disclosed below, there were no outstanding loans (including guarantees of any kind) made to us to or for the benefit of any related party for the past two (2) FYE 2016 to 2017, FPE 31 March 2018 and the period from 1 April 2018 up to the LPD:-

(i) Corporate guarantees

MRSB had extended corporate guarantees in September 2012 amounting to RM5.5 million in favour of Public Bank Berhad ("Bank") for banking facilities granted to Manforce Nexis Sdn Bhd, a company in which Dato Wong is a Director, for the purchase of a property in Kota Damansara, Selangor ("Corporate Guarantee"). MRSB is not charging Manforce Nexis Sdn Bhd interest for the provision of the Corporate Guarantee extended.

The Bank vide its letter dated 26 October 2017 had agreed to discharge the said Corporate Guarantee subject to the following conditions:

(a) Corporate guarantee provided by Manforce Resources Holdings Sdn Bhd - Section 225 of the Act is not contravened in respect of the said corporate guarantee by Manforce Resources Holdings Sdn Bhd;
(b) Partial settlement of the existing loan taken by Manforce Nexis Sdn Bhd for the sum of RM5.27 million by RM2.00 million to RM3.27 million;
(c) Fresh letters of guarantee to be executed jointly and severally by all Directors of Manforce Nexis Sdn Bhd; and
(d) Request fee of RM212.00 is payable upfront

Subsequently, the Bank had vide its letter dated 1 August 2018 confirmed that the Corporate Guarantee has been discharged.

PART I: INFORMATION ON OUR GROUP *(cont'd)*

(c) Advances to related parties

The following advances were made by our Group to our related parties and were recorded as other receivables for the past two (2) FYE 2016 and 2017, FPE 31 March 2018 and the period from 1 April 2018 up to the LPD:

					Value of transactions			
No.	**Transacting parties**	**Company within our Group**	**Nature of relationship as at the LPD**	**Nature of advances**	**FYE 2016 RM'000**	**FYE 2017 RM'000**	**FPE 31 March 2018 RM'000**	**From 1 April 2018 up to the LPD RM'000**
(1)	TWM Group Development Sdn Bhd	MRSB	Dato Wong is our Group's Promoter, substantial shareholder and Executive Director Dato Wong is presently the director and substantial shareholder of TWM Group Development Sdn Bhd	Advances given for working capital purposes	200	120	-	-
(2)	Manforce Resources Holdings Sdn Bhd	MRSB	Dato Wong is our Group's Promoter, substantial shareholder and Executive Director Datin Lim is our Group's Promoter, substantial shareholder and Non-Independent Non-Executive Director Dato Wong and Datin Lim are presently the directors and substantial shareholders of Manforce Resources Holdings Sdn Bhd	Advances given for working capital purposes	319	413	130	9

PART I: INFORMATION ON OUR GROUP *(cont'd)*

					Value of transactions			
No.	**Transacting parties**	**Company within our Group**	**Nature of relationship as at the LPD**	**Nature of advances**	**FYE 2016 RM'000**	**FYE 2017 RM'000**	**FPE 31 March 2018 RM'000**	**From 1 April 2018 up to the LPD RM'000**
(3)	Methane Consultancy Sdn Bhd	MRSB	Methane Consultancy Sdn Bhd was previously a 55% subsidiary of MRSB. In January 2017, MRSB had disposed its 55% equity interest in Methane Consultancy Sdn Bhd to streamline its business activities. Dato Wong, our Group's Promoter, substantial shareholder and Executive Director is deemed interested in MRSB's equity interest in Methane Consultancy Sdn Bhd prior to its disposal pursuant to Section 6A of the Companies Act 1965	Advances given for working capital purposes	219	55	16	149
		IMI		Advances given for working capital purposes	-	36	-	-
(4)	CT World Incentive Sdn Bhd	MRSB	Dato Wong is our Group's Promoter, substantial shareholder and Executive Director Dato Wong was previously its director until his resignation on 26 December 2017. He is presently the substantial shareholder of CT World Incentive Sdn Bhd	Advances given for working capital purposes	-	75	386	134
(5)	Mayang Merpati Sdn Bhd	MRSB	Dato Wong is our Group's Promoter, substantial shareholder and Executive Director	Advances given for working capital purposes	-	51	-	-

PART I: INFORMATION ON OUR GROUP *(cont'd)*

No.	Transacting parties	Company within our Group	Nature of relationship as at the LPD	Nature of advances	Value of transactions FYE 2016 RM'000	FYE 2017 RM'000	FPE 31 March 2018 RM'000	From 1 April 2018 up to the LPD RM'000
			Dato Wong was previously its director and substantial shareholder of Mayang Merpati Sdn Bhd					
(6)	Manforce Resources (MM2H) Sdn Bhd	MRSB	Dato Wong is our Group's Promoter, substantial shareholder and Executive Director Wong Chen Yong is the son of Dato Wong and Datin Lim. He is presently the director and substantial shareholder of Manforce Resources (MM2H) Sdn Bhd Dato Wong was previously the director and substantial shareholder of Manforce Resources (MM2H) Sdn Bhd	Advances given for working capital purposes	10	9	6	~
(7)	Dataran Ringgit Sdn Bhd	MRSB	Dato Wong is our Group's Promoter, substantial shareholder and Executive Director	Advances given for working capital purposes	20	-	-	-
		ASB	Dato Wong is presently the director and substantial shareholder of Dataran Ringgit Sdn Bhd	Advances given for working capital purposes	80	-	-	-
(8)	Manforce Nexis Sdn Bhd	MRSB	Dato Wong is our Group's Promoter, substantial shareholder and Executive Director	Advances given for the payment of monthly instalment in relation to	397	438	-	-

PART I: INFORMATION ON OUR GROUP *(cont'd)*

No.	Transacting parties	Company within our Group	Nature of relationship as at the LPD	Nature of advances	Value of transactions FYE 2016	FYE 2017	FPE 31 March 2018	From 1 April 2018 up to the LPD
					RM'000	RM'000	RM'000	RM'000
			Dato Wong is presently the director of Manforce Nexis Sdn Bhd	the purchase of a property in Kota Damansara, Selangor				
(9)	Globmega Bumi Sdn Bhd	MRSB	Dato Wong is our Group's Promoter, substantial shareholder and Executive Director Dato Wong has since resigned as the Director of Globmega Bumi Sdn Bhd on 24 May 2017	Advances given for working capital purposes	-	~	-	-
(10)	Dato Wong	MRSB IMI RRM	Dato Wong is our Group's Promoter, substantial shareholder and Executive Director	Advances[(a)] Advances[(a)] Advances[(a)]	6,814 497 150	13,515 - -	- - -	- - -
(11)	Wong Chen Yong	MRSB	Wong Chen Yong is the son of Dato Wong and Datin Lim	Advances for personal use	-	10	-	-
(12)	Wong Chew Li	MRSB	Wong Chew Li is the daughter of Dato Wong and Datin Lim	Advances for personal use	70	-	-	-

Note:

~ Less than RM1,000

(a) The above advances has been utilised by Dato Wong for the following purposes:

Nature	FYE 2016 RM'000	FYE 2017 RM'000
Investment in quoted shares and personal usage	7,461	6,747
Advances to foreign workers to cover pre-employment expenses[(i)]	-	6,768
Total	**7,461**	**13,515**

Note:

(i) Certain of our Foreign Partners involved in the recruitment of Indonesian workers have requested for funding to assist the foreign workers to cover their pre-employment expenses such as medical examination and travelling expenses. The foreign workers have been recruited by our Foreign Partners to be either employed by our Group under the manual labour services or by our customers under the foreign workers management services. Dato Wong in his personal capacity has advanced the monies to the Foreign Partners to be on-lent to these foreign workers. Our Group has decided not to advance the monies directly as it is not our core business activities and to avoid being directly exposed to the credit risk of the said arrangement.

The loan to the foreign workers was repaid through salaries deductions once these foreign workers commence employment in Malaysia. Moving forward, we do not foresee the need to fund the foreign workers pre-employment expenses as we will only deal with Foreign Partners who have sufficient financial resources to undertake such funding at their end.

These advances under Section 5.1(c) above were not made on an arm's length basis as the abovementioned advances were interest free. As at the LPD, these advances have been fully repaid. Going forward, our Group will not be providing any such advances (including loans and guarantees of any kind) to or for the benefit of the related parties.

(d) Advances by related parties

There were no advances made by the related parties to our Group for the past two (2) FYE 2016 to 2017, FPE 31 March 2018 and up to the LPD.

5.3 Interests in similar business and in businesses of our customers and our suppliers

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

5.4 Policies and procedures to mitigate future related party transactions

In order to ensure that the future related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures, policies and controls for all related party transactions:

(a) at least two (2) other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties is fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products and/or quantities; or

(b) in the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the related party transactions are not detrimental to us.

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

To safeguard the interest of our Group and our non-interested shareholders, and to mitigate any potential conflict of interest situation, our non-interested Directors will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action.

In order to mitigate any possible conflict of interest situation, our Directors and key management personnel will declare to our Board of their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Board will then evaluate if such interested Director or key management personnel's involvement gives rise to a potential conflict of interest situation or raise questions to their integrity with our Group's business. When a determination has been made that there is a conflict of interest of an interested Director or key management personnel, our non-interested Director will:

(a) immediately inform our Board of the conflict of interest situation;

(b) make recommendations to our Board to direct the conflicted Director or key management personnel to:

  (i) Withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director or key management personnel); and
  (ii) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest (for conflicted Director).

In relation to (b) above, the conflicted Director shall abstain from any Board discussion relating to the recommendation of our Board and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of the Board, be present at the Board meeting for the purposes of answering any questions.

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6. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

The historical financial information of our Group for FYE 2016 and FYE 2017 as well as FPE 31 March 2018 is presented based on the combined financial statements of MGB's subsidiaries namely, APMRSB, ASB, GCSB, IMSSB, MRSB, PCSSB and RRSB as well as its associate company, namely M.R.H.

The combined financial statements for FYE 2016 and FYE 2017 have been audited by Ecovis AHL PLT. The audited combined financial statements for FYE 2016 and FYE 2017 have been prepared in accordance with approved accounting standards issued by the Malaysian Accounting Standards Board and International Financial Reporting Standards. The audited combined financial statements are set out in Appendix IV(A), Part IV of this Information Memorandum. The combined financial statements for FPE 31 March 2018 have not been audited. Please refer to Appendix (B), Part IV of this Information Memorandum for the unaudited combined financial statements for FPE 31 March 2018. Sophisticated Investors should note that our Group intends to maintain sustainable growth in our business and create long-term shareholder value by implementing our future plans as stated in Section 2.15, Part I of this Information Memorandum. As such, our Group will incur the additional expenses and/or liabilities not included in the analysis herein. Further, the historical financial information included in this Information Memorandum is not intended to predict our Group's financial position, results and cash flows.

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

The following table sets out a summary of the audited combined statements of profit or loss and other comprehensive income for FYE 2016 and FYE 2017, and unaudited combined statement of profit or loss and other comprehensive income for FPE 31 March 2018:

	Audited		**Unaudited**
	FYE 2016	**FYE 2017**	**FPE 31 March 2018**
		RM'000	
Revenue	68,701	77,090	38,941
Less: Cost of sales	(53,996)	(63,552)	(32,581)
GP	**14,705**	**13,538**	**6,360**
Other operating income	477	1,954	785
Administrative and other expenses	(7,589)	(7,940)	(3,755)
Profit from operations	**7,593**	**7,552**	**3,390**
Finance income	66	90	30
Finance costs	(904)	(958)	(561)
Share of results of associate	-	(6)	-
PBT	**6,755**	**6,678**	**2,859**
Taxation	(2,250)	(1,906)	(788)
PAT	**4,505**	**4,772**	**2,071**
EBIT(2)	7,593	7,546	3,390
EBITDA(2)	8,257	8,179	3,618
GP margin (%)	21.4	17.6	16.3
PBT margin (%)	9.8	8.7	7.3
PAT margin (%)	6.6	6.2	5.3
Effective tax rate (%)	33.3	28.5	27.6
No. of Shares assumed to be in issue ('000)(1)	319,983	319,983	319,983
Net EPS (sen)	1.40	1.49	(3)1.29

Notes:

(1) Based on the enlarged number of Shares in issuance after our Proposed Listing.
(2) EBIT and EBITDA are calculated as follows:

	Audited		Unaudited
	FYE 2016	FYE 2017	FPE 31 March 2018
	RM'000		
PAT	4,505	4,772	2,071
Less:			
Finance income	(66)	(90)	(30)
Add:			
Finance costs	904	958	561
Taxation	2,250	1,906	788
EBIT	**7,593**	**7,546**	**3,390**
Add:			
Depreciation and amortisation	664	633	228
EBITDA	**8,257**	**8,179**	**3,618**

(3) The net EPS as at FPE 31 March 2018 is computed based on the annualised PAT of our Group of RM4.14 million.

6.2 Historical combined statements of financial position

The following table sets out a summary of the combined statements of financial position based on the audited combined statements of financial position as at 30 September 2016 and 2017 and unaudited combined statement of financial position as at 31 March 2018:

	Audited		Unaudited
	30 September 2016	30 September 2017	31 March 2018
	RM'000		
ASSETS			
Non-current assets			
Property and equipment	5,108	4,654	4,500
Other investments	421	435	443
Total non-current assets	**5,529**	**5,089**	**4,943**
Current Assets			
Other investments	-	113	120
Trade receivables	11,393	9,979	9,939
Other receivables, deposits and prepayments	7,984	11,302	13,554
Amount owing by a Director	428	-	-
Deposit placed with licensed financial institutions	1,701	2,853	3,271
Cash and bank balances	3,585	6,714	4,334
Total current assets	**25,091**	**30,961**	**31,218**
TOTAL ASSETS	**30,620**	**36,050**	**36,161**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Ordinary shares	1,025	1,000	1,000
Retained earnings	7,827	12,599	14,670
Total equity	**8,852**	**13,599**	**15,670**

	Audited		Unaudited
	30 September 2016	**30 September 2017**	**31 March 2018**
		RM'000	
LIABILITIES			
Non-Current Liabilities			
Borrowings	5,151	5,939	5,436
Deferred tax liabilities	220	123	123
Total non-current liabilities	**5,371**	**6,062**	**5,559**
Current Liabilities			
Trade payables	298	266	382
Other payables and accruals	11,448	9,649	9,186
Amount owing to a Director	-	220	-
Borrowings	2,807	6,099	4,355
Tax payable	1,844	155	1,009
Total current liabilities	**16,397**	**16,389**	**14,932**
Total liabilities	**21,768**	**22,451**	**20,491**
Total equity and liabilities	**30,620**	**36,050**	**36,161**

6.3 Historical combined statements of cash flows

The following table sets out the audited combined statements of cash flows for FYE 2016 and FYE 2017, and the unaudited combined statement of cash flows for FPE 31 March 2018:

	Audited		Unaudited
	FYE 2016	**FYE 2017**	**31 March 2018**
		RM'000	
Cash flows from operating activities			
Profit before taxation	6,755	6,678	2,859
Adjustment for:			
Allowance for impairment losses			
- trade receivables	97	120	33
- other receivables	441	-	-
- investment in associate	-	94	-
Bad debts written off	27	-	-
Deposits and prepayments written off	5	84	-
Depreciation of property and equipment	664	633	228
Finance costs			
- bank overdrafts	246	481	314
- hire purchase	67	50	16
- term loan	309	427	231
- interest on financial asset at amortised cost	282	-	-
Share of results of an associate	-	6	-
Deposit forfeited	-	(135)	-
Finance income			
- deposits placed with licensed financial institutions	(37)	(51)	(18)
- other interest income	(18)	(24)	(4)
- unwinding of discount of financial assets	(11)	(15)	(8)
Gain on disposal of property and equipment	-	(561)	-
Reversal of impairment losses			
- trade receivables	(54)	(150)	-
- other receivables	-	(700)	(9)

	Audited		Unaudited
	FYE 2016	**FYE 2017**	**31 March 2018**
		RM'000	
Fair value gain on other investment	-	(13)	(7)
Waiver of debts	(89)	-	-
Operating profit before working capital changes	**8,684**	**6,924**	**3,635**
Changes in working capital			
Trade and other receivables	(3,458)	(1,257)	(675)
Trade and other payables	657	(1,696)	(347)
Amount owing to/by a Director, net	545	648	(220)
Cash generated from operations	**6,428**	**4,619**	**2,393**
Interest received	17	24	4
Interest paid	(246)	(481)	(314)
Tax paid	(1,399)	(3,691)	(1,496)
	(1,628)	**(4,148)**	**(1,806)**
Net cash generated from operating activities	**4,800**	**471**	**587**
<u>Cash flows from investing activities</u>			
Acquisition of an associate	-	(100)	-
Consideration paid for acquisition of equity interest in subsidiaries	(300)	(25)	-
Acquisition of other investments	(692)	(100)	-
Placement of deposits pledged to banks	-	(1,250)	(300)
Proceeds from disposal of property and equipment	-	627	-
Proceeds from disposal of other investment	-	(1)	-
Purchase of property and equipment	(255)	(49)	(74)
Interest received	37	52	18
Net cash used in investing activities	**(1,210)**	**(845)**	**(356)**
<u>Cash flows from financing activities</u>			
Dividend paid	(2,000)	-	-
Drawdown of term loans	693	2,484	-
Repayment of term loans	(877)	(1,290)	(667)
Repayment of hire purchases	(451)	(737)	(117)
Net cash (used in)/ from financing activities	**(2,635)**	**457**	**(784)**
Net (decrease)/increase in cash and cash equivalents	955	83	(553)
Cash and cash equivalents at the beginning of the financial years/period	1,714	2,669	2,752
Cash and cash equivalents at the end of the financial years/period	**2,669**	**2,752**	**2,199**
Cash and cash equivalents at the end of the financial years/period comprises:			
Cash and bank balances	3,585	6,714	4,334
Deposits placed with licensed financial institutions	1,701	2,853	3,271
	5,286	**9,567**	**7,605**
Less: Bank overdraft	(1,967)	(4,915)	(3,206)
	3,319	**4,652**	**4,399**
Less: Deposits pledged to licensed financial institutions	(650)	(1,900)	(2,200)
	2,669	**2,752**	**2,199**

Note:

(1) Amount less than RM1,000

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 combined financial statements for FYE 2016 to FYE 2017 and unaudited combined financial statements for FPE 31 March 2018 as set out in **Part IV(A)** of this Information Memorandum.

There were no exceptional or extraordinary items during FYE 2016 to FYE 2017 as well as FPE 31 March 2018. In addition, our audited financial statements for the financial years under review were not subject to any audit qualifications.

Part III: Risk Factors detail a number of risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our revenue and financial performance. Sophisticated Investors should carefully consider the risk factors set out in **Part III: Risk Factors** before making a decision on whether an investment in our Shares is suitable for them in light of their circumstances and financial resources and whether they are able and willing to withstand the potential loss of their entire investment.

(a) Revenue

Our Group's revenues are generated based on the following:

(i) Revenue from foreign workers management services business segment are generated based on a pre-agreed rates per foreign worker depending on the shifts (normal day, public holiday or overtime);
(ii) Revenue from manual labour services business segment are generated based on pre-agreed rates calculated based on the number of days and hours worked or output of unit of production; and
(iii) Revenue from other ancillary services are mainly agent fees received for the sale of foreign worker insurance products.

The following is the revenue analysis by business segments for the financial years/ period under review:

Analysis of revenue by segments

	Audited				Unaudited	
	FYE 2016		FYE 2017		31 March 2018	
Business segments	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Foreign worker management services	31,856	46.4	35,483	46.0	18,194	46.7
Manual labour services	36,722	53.4	41,491	53.8	20,665	53.1
Other ancillary services	123	0.2	116	0.2	82	0.2
Total	**68,701**	**100.0**	**77,090**	**100.0**	**38,941**	**100.0**

For illustrative purposes only, using the GP of the foreign worker management services segment (i.e. management service fees) as the revenue of this business segment, the segmental revenue composition of our Group would be as follows:-

Business segments	FYE 2016		FYE 2017		31 March 2018	
	RM'000	%	RM'000	%	RM'000	%
Foreign workers management services	6,813	15.6	5,081	10.9	2,634	11.3
Manual labour services	36,722	84.1	41,491	88.9	20,665	88.4
Other ancillary services	123	0.3	116	0.2	82	0.3
Total	**43,658**	**100.0**	**46,688**	**100.0**	**23,381**	**100.0**

For the foreign workers management services business segment, our Group captures the foreign workers' direct cost (such as wages, accommodation, etc) as our cost of sales and we will subsequently invoice our customers based on pre-agreed rates.

Kindly refer to Section 2.10, Part I of this Information Memorandum for further information.

Comparison between FYE 2016 and FYE 2017

Our Group's overall revenue increased by RM8.39 million or 12.2% to RM77.09 million in FYE 2017 from RM68.70 million in FYE 2016. The overall increase in our Group's revenue is contributed from the growth in both of our foreign worker management services segment and manual labour services segment which reported an increase in revenue of RM3.63 million or 11.4% and RM4.77 million or 13.0%, respectively.

On average, our Group managed approximately 2,786 foreign workers in FYE 2017 as compared to 2,854 foreign workers in FYE 2016, representing a marginal decrease of 2.4%.

Foreign worker management services

The average number of foreign workers managed has reduced from 1,389 in FYE 2016 to 1,245 foreign workers in FYE 2017. The decrease is mainly due to foreign workers returning to their respective home countries upon expiry/completion of their relevant employment contracts in Malaysia.

Our Group had undertaken the review of our existing management service agreements in terms of overall fees charged and has since revised the management and service fees charged for each foreign worker managed by our Group in FYE 2017. The revised management and service fee is reflected as and when our client's management service agreement is renewed. With the revision of our management and service fees, overall revenue levels increased by RM3.62 million or 11.4% from RM31.86 million in FYE 2016 to RM35.48 million in FYE 2017 despite the reduction in the number of foreign workers managed.

Manual labour services

During the financial years under review, we have undertaken the review of our existing manual labour services agreements in terms of overall fees charged and have since revised the service fees charged in view of the implementation of the increase in minimum wage policy on 1 July 2016.

As a result, revenue generated from the manual labour services segment increased by RM4.77 million or 13.0% to RM41.49 million in FYE 2017 from RM36.72 million in FYE 2016 due to the following factors:

(i) increase in the average number of foreign workers placed for providing cleaning and sanitising services to 824 foreign workers in FYE 2017 from 645 foreign workers in FYE 2016; and
(ii) revision of service fees charged for providing cleaning, sanitising and manufacturing-related services resulting in an increase in overall revenue per average foreign workers headcount generated of 7.4% from RM25,070 in FYE 2016 to RM26,922 in FYE 2017.

FPE 31 March 2018

The following table depicts the comparison of annualised revenue by business segments between FPE 31 March 2018 and FYE 2017, as follows:

	Audited		Unaudited	
	FYE 2017		FPE 31 March 2018 (Annualised)	
Business segments	**RM'000**	**%**	**RM'000**	**%**
Foreign worker management services	35,483	46.0	36,388	46.7
Manual labour services	41,491	53.8	41,330	53.1
Other ancillary services	116	0.2	164	0.2
Total	**77,090**	**100.0**	**77,882**	**100.0**

On average, our Group manages approximately 2,655 foreign workers in FPE 31 March 2018 as compared to 2,786 foreign workers in FYE 2017, representing a marginal decrease of 4.7%.

On an annualised basis, revenue generated by our Group increased by approximately RM0.79 million or 1.0% in FPE 31 March 2018, from RM77.09 million during FYE 2017 to RM77.88 million during FPE 31 March 2018 (on an annualised basis). Revenue from our foreign worker management services segment and manual labour services segment amounts to RM36.39 million and RM41.33 million for FPE 31 March 2018 (on an annualised basis), respectively. Revenue from both these segments contributed to 46.7% and 53.1% of our Group's total revenue, respectively.

Foreign worker management services

The average number of foreign workers managed by our Group within this segment has reduced marginally to 1,239 foreign workers in FPE 31 March 2018 from 1,245 foreign workers in FYE 2017, reduction of only 6 average headcounts or 0.5%. Despite the marginal decrease in our average foreign workers managed, the revenue (on an annualised basis) contributed by this segment has improved by 2.6% in FPE 31 March 2018 as compared to FYE 2017. This is due to the revised management and service fee introduced since FYE 2017 as more management services agreement were renewed in FPE 31 March 2018.

Manual labour services

The average number of foreign workers managed by our Group within this business segment has reduced marginally to 1,416 foreign workers in FPE 31 March 2018 from 1,541 foreign workers in FYE 2017, a reduction of 125 average headcount or 8.1%. Despite a reduction in overall average headcount, our revenue for FPE 31 March 2018 (on an annualised basis) remains fairly consistent as compared to FYE 2017 as our Group is continuously revising our services fee in order to pass on the increase in our expenses arising from the levy expenses and minimum wage policy to our customers.

(b) Cost of sales, GP and GP margin

Our cost of sales mainly comprises of wages for foreign workers which amounts to approximately 80% of our Group's total cost of sales, the breakdown of which is as follows:

		Audited				Unaudited	
		FYE 2016		FYE 2017		FPE 31 March 2018	
No.	**Components**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
(i)	Wages	43,964	81.4	54,061	85.1	27,393	84.1
(ii)	Accommodation	1,225	2.3	1,389	2.2	616	1.9
(iii)	Commission	3,099	5.7	3,141	4.9	1,359	4.2
(iv)	Levy expenses	1,503	2.8	1,035	1.6	904	2.8
(v)	Transportation	1,396	2.6	1,601	2.5	820	2.5
(vi)	Medical expenses	885	1.6	881	1.4	496	1.5
(vii)	Others	1,924	3.6	1,444	2.3	993	3.0
	Total	**53,996**	**100.0**	**63,552**	**100.0**	**32,581**	**100.0**

Notes:

(i) consist of wages paid to foreign workers managed and employed by our Group on a monthly or bi-monthly basis, depending on the term and conditions of the respective service contracts. Although our clients, as employers are legally obligated to pay for their foreign workers' wages, such wages are recognised as our expenses as it constitutes part and parcel of our payroll management services provided under our foreign workers management services;

(ii) payment of rental for the accommodation of foreign workers;

(iii) commissions payable to our sales and marketing team depending on the collection from our customers;

(iv) includes levy expenses and processing fee. Arrangement for the payment of levy expenses is based on the following:

(aa) Under foreign workers management services segment, levies are paid for the hiring of foreign workers for the manufacturing of electronic and electrical industries shall be recorded as expenses in costs of sales; and

(ba) For the manual labour services, payments of levies for the hiring/employment of foreign workers in Peninsular Malaysia is at the rate of RM1,850 per foreign worker hired/employed. In the event a foreign worker has absconded, the remaining levies not recovered will be fully expensed-off.

Prior to 1 January 2018, levy expenses incurred are recognised as a prepayment and are recoverable via monthly salary deduction. Processing fee are not recoverable. Effective 1 January 2018, our Group absorbs these levy expenses as stipulated in the Employer's Mandatory Commitment, a revised policy introduced by the Government of Malaysia.

(v) transportation and logistical expenses incurred for ferrying foreign workers to and from their respective work place as well as air travel expenses incurred to transport foreign workers back to their home countries;

(vi) medical examination fees/expenses incurred for the foreign workers to undergo a mandatory medical examination at a FOMEMA registered panel/medical centre upon their arrival in Malaysia, annual medical examination as well as medical claims made by foreign workers; and

(vii) others expenses consisting foreign workers insurance, handling fee, meal allowance as well as other basic necessities such as hostel utilities, bed and kitchen equipment.

Analysis of cost of sales, GP and GP margin by business segments

Cost of sales

	Audited				Unaudited	
	FYE 2016		FYE 2017		FPE 31 March 2018	
Business segments	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Foreign worker management services	25,043	46.4	30,402	47.8	15,560	47.8
Manual labour services	28,953	53.6	33,150	52.2	17,021	52.2
Other ancillary services[(1)]	-	-	-	-	-	-
Total	**53,996**	**100.0**	**63,552**	**100.0**	**32,581**	**100.0**

Note:

(1) Our Group does not recognise any direct cost in relation to other ancillary services as the operating cost mainly consist of salaries for permanent employees of our Group and cannot be separately allocated to this business segment. These salaries are captured as operating expenses.

Further breakdown of the cost of sales by business segments are as follows:-

(a) Foreign workers management services business segment

	Audited				Unaudited	
	FYE 2016		FYE 2017		FPE 31 March 2018	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Wages	19,354	77.3	25,635	84.3	12,946	83.2
Accommodation	717	2.9	560	1.8	344	2.2
Commission	1,621	6.5	1,457	4.8	634	4.1
Levy expenses	587	2.3	342	1.1	450	2.9
Transportation	705	2.8	851	2.8	382	2.5
Medical expenses	401	1.6	435	1.4	237	1.5
Others	1,658	6.6	1,122	3.7	567	3.6
Total	**25,043**	**100.0**	**30,402**	**100.0**	**15,560**	**100.0**

(b) Manual labour services business segment

	Audited				Unaudited	
	FYE 2016		FYE 2017		FPE 31 March 2018	
	RM'000	%	RM'000	%	RM'000	%
Wages	24,611	85.0	28,426	85.7	14,447	84.9
Accommodation	508	1.7	829	2.5	272	1.5
Commission	1,478	5.1	1,684	5.1	725	4.3
Levy expenses	916	3.2	693	2.1	454	2.7
Transportation	690	2.4	750	2.3	438	2.6
Medical expenses	484	1.7	446	1.3	259	1.5
Others	266	0.9	322	1.0	426	2.5
Total	**28,953**	**100.0**	**33,150**	**100.0**	**17,021**	**100.0**

GP and GP margin

	Audited				Unaudited	
	FYE 2016		FYE 2017		FPE 31 March 2018	
	GP	GP Margin	GP	GP Margin	GP	GP Margin
Business segments	RM'000	%	RM'000	%	RM'000	%
Foreign worker management services	6,813	21.4	5,081	14.3	2,634	14.5
Manual labour services	7,769	21.2	8,341	20.1	3,644	17.6
Other ancillary services	123	100.0	116	100.0	82	100.0
Total	**14,705**	**21.4**	**13,538**	**17.6**	**6,360**	**16.3**

Comparison between FYE 2016 and FYE 2017

Our Group's cost of sales increased by RM9.56 million or 17.7% to RM63.55 million in FYE 2017 from RM53.99 million in FYE 2016 mainly due to the implementation of the minimum wage policy effective since 1 July 2016.

As a result of the above, our Group's GP decreased by RM1.17 million or 7.9% to RM13.54 million in FYE 2017 from RM14.71 million in FYE 2016. Our Group's GP margin also decreased to 17.6% in FYE 2017 as compared to 21.4% in FYE 2016 mainly due to the following factors:

(i) significant increase in wages by RM10.10 million or 23.0% in FYE 2017 due to the implementation of the minimum wage policy effective since 1 July 2016; and
(ii) inability of our Group to fully pass on the increase in wages cost to our customers on short notice.

Notwithstanding the above, our GP margin for the manual labour services business segment was not significantly affected by the increase in the minimum wage policy due to the following:

(i) most of our manual labour service agreements with our customers which were entered into in FYE 2014 for a duration of two (2) were renewed using the revised service fee in FYE 2017; and
(ii) Additional 179 foreign workers requested by our customers were charged using the revised service fee in FYE 2017 even if the original manual labour service agreements were not due for renewal.

FPE 31 March 2018

Approximately 84.1% of our total cost of sales in FPE 31 March 2018 consists of wages for foreign workers. Overall, the percentage of cost of sales contribution for each segment remains consistent in FPE 31 March 2018 as compared to FYE 2017 where approximately 47.8% and 52.2% of our Group's total cost of sales are contributed by foreign worker management services segment and manual labour services segment respectively.

Our Group recorded a GP and GP margin of RM6.36 million and 16.3% in FPE 31 March 2018. The decrease in our Group's overall GP margin by 1.3% from 17.6% in FYE 2017 was contributed from the decrease in profitability of our manual labour services business segment due to the following factors:

(i) overall increase in our Group's operating cost as foreign workers' levies were absorbed by our Group effective 1 January 2018;
(ii) lower manufacturing outputs recorded for the manufacturing activities as a result the long festive holidays during FPE 31 March 2018; and
(iii) for the cleaning and sanitising activities, we have to incur additional wages for our foreign workers to work during the long festive holidays in FPE 31 March 2018.

(c) Other operating income

Other operating income mainly consists of rental income, reversal of impairment losses and gain on disposal of property and equipment. The breakdown of our other operating income for the financial years/period under review is as follows:

	Audited				**Unaudited**	
	FYE 2016		**FYE 2017**		**FPE 31 March 2018**	
Details	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Gain on disposal of property and equipment	-	-	561	28.7	-	-
Rental income[(1)]	278	58.3	360	18.4	131	16.7
Reversal of impairment losses	54	11.3	850	43.5	9	1.1
Realised gain on foreign exchange	15	3.1	*	0.0	-	-
Waiver of debts	89	18.7	-	-	-	-
Deposit forfeited	-	-	135	6.9	-	-
Investment income	-	-	-	-	642	81.8
Others	41	8.6	48	2.5	3	0.4
Total	**477**	**100.0**	**1,954**	**100.0**	**785**	**100.0**

Notes:

(1) Rental income for FYE 2016 and FYE 2017 was mainly derived from the rental of shop lots to third parties located at No. 13-G and 15-G, Jalan 5/20E, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor and rental of sub-let hostels to customers located in Pasir Gudang, Johor

* Represents amount below RM1,000

Comparison between FYE 2016 and FYE 2017

Our Group's other operating income increased by approximately RM1.47 million to RM1.95 million in FYE 2017 from RM0.48 million in FYE 2016 mainly due to reversal of impairment from two (2) trade debtors and two (2) non-trade debtors amounting to a total of RM0.85 million which was long outstanding since 2012. Our Group had impaired both these receivables in FYE 2016 and subsequently reversed the impairment in FYE 2017 as our Group managed to recover the said amount. In addition, our Group also recognised a gain on disposal from five (5) motor vehicles amounting to RM0.56 million in FYE 2017.

FPE 31 March 2018

Other income during FPE 31 March 2018 mainly consists of one-off investment income from various investment scheme purchased with AIA Malaysia Bhd (AIA) in 2005. The amount of RM0.64 million represents the surrender value of these policies as at FPE 31 March 2018.

(d) Administrative expenses and other expenses

Administrative expenses are costs incurred to maintain our business operations such as salaries and wages of our permanent employees, directors' remuneration, depreciation of property and equipment, upkeep and maintenance, utilities and rental expenses.

Other operating expenses relates to expenses incurred which are not directly related to our operations such as impairment of trade and other receivables, bad debt written-off, deposits and prepayments written off and impairment on investment in an associate.

The breakdown of our administrative expenses and other expenses is as follows:

	Audited				**Unaudited**	
	FYE 2016		**FYE 2017**		**FPE 31 March 2018**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Auditors remuneration	126	1.7	188	2.4	78	2.1
Bad debts written off	27	0.4	-	-	-	-
Directors remuneration	763	10.0	661	8.3	439	11.7
Depreciation of property, plant and equipment	664	8.7	633	8.0	228	6.1
Deposit and prepayment written off	6	0.1	84	1.1	-	-
Entertainment	133	1.8	115	1.4	16	0.4
Gift and donations	128	1.7	149	1.9	63	1.7
Impairment of investment in associate	-	-	94	1.2	-	-
Impairment of trade receivables	97	1.3	120	1.5	33	0.9
Impairment of other receivables	441	5.8	-	-	-	-
Insurance	96	1.3	81	1.0	32	0.9
Penalty	-	-	128	1.6	20	0.5
Postage, printing and stationery	74	1.0	88	1.1	34	0.9
Professional fees	143	1.9	148	1.9	38	1.0
Rental expenses	170	2.2	45	0.6	15	0.4
Staff costs	3,904	51.4	4,581	57.7	2,390	63.6
Travelling and accommodation	100	1.3	64	0.8	46	1.2
Upkeep and maintenance	336	4.4	336	4.2	188	5.0
Utilities	173	2.3	158	2.0	72	1.9
Others	208	2.7	267	3.3	63	1.7
Total	**7,589**	**100.0**	**7,940**	**100.0**	**3,755**	**100.0**

Comparison between FYE 2016 and FYE 2017

Our Group's overall administrative and other expenses increased by RM0.35 million or 4.6% to RM7.94 million in FYE 2017 from RM7.59 million in FYE 2016 mainly due to the following factors:

(i) increase in staff cost by RM0.67 million as our Group recruited seven (7) additional staff in FYE 2017 and annual staff salary increment; and
(ii) impairment of investment in associate, namely M.R.H. by RM0.09 million as the associate is loss making as at 30 September 2017.

FPE 31 March 2018

Our Group's overall administrative and other expenses amount to RM3.76 million in FPE 31 March 2018. This mainly consists of the following:

(i) staff cost of RM2.39 million, representing approximately 63.6% of our total administrative expenses. Our Group hired three (3) executive administrative staff during FPE 31 March 2018; and
(ii) directors' remuneration amounting to RM0.44 million, representing approximately 11.7% of our total administrative and other expenses.

(e) Finance income and finance cost

The breakdown of our finance income and finance cost are as follows:

	Audited				**Unaudited**	
	FYE 2016		**FYE 2017**		**FPE 31 March 2018**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Finance income	**66**	**100.0**	**90**	**100.0**	**30**	**100.0**
Finance cost						
Hire purchase	67	7.4	50	5.2	16	2.8
Term loan	309	34.2	427	44.6	231	41.2
Overdraft	246	27.2	481	50.2	314	56.0
Interest on financial asset measured at amortised cost	282	31.2	-	-	-	-
Total finance cost	**904**	**100.0**	**958**	**100.0**	**561**	**100.0**

Comparison between FYE 2016 and FYE 2017

<u>Finance income</u>

Finance income is mainly derived from interest income from fixed deposit and the unwinding of discount for a financial asset acquired by our Group. The financial asset is the "Business Loan Levy Term Assurance" policies acquired by our Group on 17 December 2015 as a security to the term loan amounting to RM7.27 million.

The financial assets carry an effective interest rate of 3.5% per annum and are receivables on 17 December 2030 at the nominal value of RM0.69 million. At initial recognition, the differences between the fair value and nominal value ("discount") of the financial asset is recognised in the statement of profit or loss and other comprehensive income as finance cost. The unwinding of the discount using the effective interest rate is accounted for as finance income.

Finance costs

Our total borrowings has increased from RM7.96 million in FYE 2016 to RM12.04 million in FYE 2017 mainly due to higher utilisation of bank overdraft facilities as well as the drawdown of two (2) new term loans amounting to RM2.50 million in FYE 2017 for working capital purposes. This has resulted in the increase in our finance costs during FYE 2017. However, the increase in finance costs from bank overdraft and term loan facilities totalling RM0.34 million was substantially off-set by the one-off differences in fair value and nominal value of the financial asset recognised in FYE 2016 of RM0.28 million which did not recur in FYE 2017.

FPE 31 March 2018

Our Group recorded finance income and finance cost of RM0.03 million and RM0.56 million respectively in FPE 31 March 2018. Our finance cost has increased in FPE 31 March 2018 mainly due to higher utilisation of bank overdraft facilities during the period to finance the working capital requirement of our Group.

(f) Taxation

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

	Audited		**Unaudited**
	FYE 2016	**FYE 2017**	**FPE 31 March 2018**
		RM'000	
Taxation (RM'000)	2,250	1,906	788
Statutory tax rate (%)	24.0	24.0	24.0
Effective tax rate (%)	33.3	28.5	27.6

For companies within our Group with a paid-up share capital of RM2.50 million or below at the beginning of the basis period for the year of assessment ("YA") 2016, the income tax is calculated at the statutory rate of 19% for YA 2016 (effective from YA 2017: 18%) on the first RM500,000 and 24% on the balance of chargeable income based on the estimated assessable profit for the financial years under review.

Comparison between FYE 2016 and FYE 2017

Our Group recorded a lower effective tax rate of 28.5% in FYE 2017 as compared to an effective tax rate of 33.3% in FYE 2016. Nevertheless, the effective tax rate for FYE 2017 of 28.5% is higher than the statutory tax rate of 24.0% mainly due to various non-deductible tax items such as impairment on trade receivables, gain on disposal of motor vehicle and interest restriction.

FPE 31 March 2018

Taxation has been provided based on the statutory tax rate of 24% at each subsidiary for FPE 31 March 2018. Overall, the effective tax rate of our Group for FPE 31 March 2018 of 27.6% is higher than the statutory tax rate of 24.0%.

6.5 Borrowings

We utilise credit facilities such as overdrafts and term loans to partially finance our working capital. In addition, we also utilise hire purchase to finance our purchases of motor vehicles. Our total outstanding bank borrowings as at 31 March 2018 stood at RM9.79 million, details of which are set out below.

	Audited		**Unaudited**
	30 September 2016	**30 September 2017**	**31 March 2018**
	RM'000	**RM'000**	**RM'000**
Loans			
Current			
• Bank overdraft	1,966	4,915	3,206
• Term loan	478	970	969
Sub-total	**2,444**	**5,885**	**4,175**
Non-current			
• Term loan	4,349	5,479	5,044
Sub-total	**6,793**	**11,364**	**9,219**
Hire purchase			
• Current	363	214	180
• Non-current	802	460	392
Sub-total	**1,165**	**674**	**572**
Total borrowings	**7,958**	**12,038**	**9,791**

All our bank borrowings are interest-bearing, and denominated in RM. As at LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currencies. We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout the FYE 2016 to FYE 2017 as well as FPE 31 March 2018 and the subsequent financial period up to LPD.

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

6.6 Dividend policy

Our Company presently does not have any formal dividend policy. Any declaration of interim dividends and recommendation of final dividends are subject to the discretion of our Board and any final dividend proposed is subject to our shareholders' approval. Upon Listing, our Board intends to adopt a stable and sustainable dividend policy to allow our shareholders to participate in the profits of our Group while maintaining an optimal capital structure and ensuring sufficient funds are available for our future growth. Investors should take note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our Company's future dividends, which are subject to our Board's absolute discretion. Our ability to pay future dividends to our shareholders is subject to various factors including but not limited to our financial performance, cash flow requirements, availability of distributable reserves and capital expenditure plans. As our Company is an investment holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends and other distributions that we receive from our subsidiaries. The payment of dividends or other distributions by our subsidiaries will depend on their operational results, financial conditions, capital expenditure plans, business expansion plans and other factors that their respective board deem relevant.

PART II

INFORMATION ON OUR PROPOSED LISTING

PART II: INFORMATION ON OUR PROPOSED LISTING

1. PARTICULARS OF OUR PROPOSED LISTING

1.1 Proposed Listing

Our proposed listing scheme entails the Proposed Placement of 47,997,400 Placement Shares at an Indicative Placement Price of RM0.18 per Placement Share.

1.2 Indicative Placement Price

The Indicative Placement Price of RM0.18 per Placement Share was arrived at after taking into consideration the following:

(a) The price-to-earnings multiple of approximately 12.9 times, 12.1 times and 14.0 times based on the audited EPS of 1.40 sen, 1.49 sen and 1.29 sen(1) for FYE 2017, FYE 2018 and FPE 31 March 2018, respectively, and calculated with reference to our enlarged share base of 319,982,580 Shares after the Proposed Placement;

Note:

(1) The net EPS as at 31 March 2018 is computed based on the annualised PAT of our Group of RM4.14 million.

(b) The historical track record of our combined Group for FYE 2016 and 2017 and FPE 31 March 2018, summarised as follows:

	Audited		Unaudited
	FYE 2016	**FYE 2017**	**FPE 31 March 2018**
Revenue (RM'000)	68,701	77,090	38,941
GP (RM'000)	14,705	13,538	6,360
PAT (RM'000)	4,505	4,772	2,071
Net EPS (sen)(i)	1.40	1.49	0.65

Note:

(i) Calculated based on PAT divided by our share base of 319,982,580 Shares after the Proposed Placement.

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

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

(e) Investor' feedback 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 Proposed Listing

Upon completion of the Proposed Placement, our Company's entire enlarged share capital comprising 319,982,580 Shares shall be listed on the LEAP Market.

1.4 Objectives of our Proposed Listing

The objectives of our Proposed Listing are as follows:

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

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

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

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

1.5 Utilisation of proceeds

The gross proceeds arising from the Proposed Placement of approximately RM8.64 million shall accrue entirely to our Company and will be utilised in the following manner:

Utilisation of proceeds	#Estimated timeframe for utilisation	RM'000	%
Working capital[(a)]	Twenty four (24) months	7,540	87.3
Estimated listing expenses[(b)]	One (1) month	1,100	12.7
Total		**8,640**	**100.0**

Notes:

\# From the date of Listing of our Shares on the LEAP Market

(a) Approximately RM7.54 million has been earmarked to supplement the working capital requirements of our Group (for both the foreign worker management services and manual labour services segments). The proceeds shall be used mainly for the following:

No.	Utilisation of proceeds	RM'000
(i)	Hiring costs (payment of agency fees and transportation costs of the workers)	6,100
(ii)	Medical fees/examination and processing fees for the workers' work permits	1,060
(iii)	Staff salaries for sales and marketing team	380
	Total	**7,540**

The breakdown of the utilisation under items (i) and (ii) above totalling RM7.16 million are as follows:-

Business segment	No. of foreign workers to be hired and/or managed	Utilisation of proceeds RM'000
Manual labour services	400	1,591
Foreign workers management services[(1)]	1,400	5,569
Total	**1,800**	**7,160**

Note:

(i) Under this business segment, the recruitment quota are/will be secured by our customers. As part of our service offerings under the foreign workers' management services (and depending on the service packages offered by our Group), we are required to incur the payment of agency fees, transportation costs of foreign workers, medical fees/examination and processing fees for foreign worker's permits. Such activities are required to be performed prior to the deployment to the respective workplace after their arrival in Malaysia. Such expenses has been recorded as working capital expenditures of our Group as we are required to incur these upfront expenses to ensure that these foreign workers are fit, legal and eligible to work at the designated workplace as stipulated by our customers.

Once these foreign workers have commenced work, we shall invoice our customers based on pre-agreed rates as stipulated in the management service agreement.

Kindly refer to Sections 2.15(a) and 2.15(d), Part I of this Information Memorandum for further details of the above utilisation of proceeds.

(b) The amount of RM1.10 million is allocated to meet the estimated cost for our Proposed Listing. If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital requirements.

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

2. APPROVALS REQUIRED, CONDITIONS AND UNDERTAKINGS

2.1 Approvals required/Conditions

The Proposed Listing is subject to the following:

(a) Approval from Bursa Securities for the admission of MGB 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 Securities Commission Malaysia.

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 271,985,180 Shares (representing approximately 85.0% of the enlarged share capital upon Proposed Listing) are to be placed under moratorium.

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

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

(b) Upon expiry of the first twelve (12)-months period, our Company must ensure that our Promoters shall maintain an aggregate shareholding amounting to 143,992,160 Shares representing 45% of our enlarged share capital upon the Proposed Listing for further period of thirty-six (36) months ("Second 36-Month Moratorium").

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

	Moratorium shares during the First 12-Month Moratorium		**Moratorium shares during the Second 36-Month Moratorium**	
Promoters	**No. of Shares**	**(i)%**	**No. of Shares**	**(i)%**
Dato Wong	244,786,662	76.5	138,854,662	43.4
Datin Lim	27,198,518	8.5	5,137,498	1.6
Total	**271,985,180**	**85.0**	**143,992,160**	**45.0**

Note:

(i) Based on the enlarged share capital of 319,982,580 Shares after the Proposed Placement.

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

2.4 Undertakings in relation to the Proposed Placement

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

(b) Our Company 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; and

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

(i) the Proposed Listing does not take place within six (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 Our Company.

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PART III

RISK FACTORS

PART III: RISK FACTORS

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

If any of the following risks were to materialise, our Group's business, financial condition, results or future operations could be materially adversely affected. In such cases, the market price of our Company's Shares could decline and an investor may lose part or all of their investment.

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

1.1 Economic and regulatory risk in the Malaysian market

Any adverse developments in economic and regulatory conditions in Malaysia could unfavourably affect our financial position and business prospects. These risks include, among others, changes in inflation rates, interest rates, foreign exchange rates, methods of taxation and unfavourable changes in government policies such as introduction of new regulations relating to recruitment of foreign workers.

For instance, unfavourable currency exchange rates may discourage foreign workers to work in Malaysia and seek for employment in other countries where its foreign rates are more attractive. In addition, the requirements in relation to the recruitment of foreign workers in Malaysia may change from time to time. There is no assurance that we will be able to respond to such changes in a timely manner.

Although we strive to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse economic and regulatory factors will not materially affect our operations, financial performance and future prospects.

1.2 Introduction of new laws and regulations or changes to existing laws and regulations in the foreign and local jurisdictions

We are dependent on the availability of foreign labour for our business operations, which is predominantly subject to the supply conditions in foreign labour markets. Our Group's foreign workers are currently sourced from Nepal, Myanmar, Vietnam, Bangladesh and Indonesia. The breakdown of foreign workers based on the source country currently managed under the foreign workers management services and employed by our Group under the manual labour services business segments as at the LPD are as follows:-

Source countries	Foreign worker management services	Manual labour services	Total
Nepal	764	710	1,474
Indonesia	594	307	901
Vietnam	35	24	59
Myanmar	74	3	77
Bangladesh	232	517	749
Others (Philippines, India and Pakistan)	10	85	95
Total	**1,709**	**1,646**	**3,355**

The arrival of foreign labour is affected by the laws, regulations and policies of the countries from which the foreign labour originates. Such laws, regulations and policies or changes thereof or the introduction of additional requirements and/or restrictions by the authorities or governments of these countries may affect the arrival of foreign labour and may cause disruptions to our operations, delays in our projects and/or increase our costs if we are unable to find substitutes for the foreign labour. For example, our foreign labours are sourced from foreign recruitment agencies and the laws, regulations and policies of the countries from which the foreign labour originates may require the foreign recruitment agencies to be licensed before they may arrange for the foreign labour to work abroad. Hence, if these foreign recruitment agencies breach the relevant laws, regulations and policies and have their licenses revoked, we will not be able to source foreign labour from them, and we may not be able to find an alternative foreign recruitment agency.

In addition to the above, we are governed under the laws, regulations and policies of Malaysia. Under the Malaysian laws, employers are required to pay the foreign worker levy. The current annual rate of foreign worker levy for basic skilled workers in Peninsular Malaysia is RM1,850 per worker, whilst the annual rate of foreign worker levy for basic skilled workers in Sabah and Sarawak is RM1,010 per worker for manufacturing services and RM1,490 per worker for services sector. Basic skilled workers refer to elementary occupations such as cleaners, labourers in the agriculture, forestry, livestock and fishery industries, and food preparation assistants.

In addition, the recent announcement of the minimum wage policy imposed by the Malaysian Government in 2016 has resulted in the increase in cost of hiring of foreign workers. There is no guarantee that the Malaysian Government will not further increase the foreign worker levy or minimum wage rates of labour in Malaysia in the future, in which case our operating results and financial position will be adversely affected.

The requirements in respect of the granting and/or renewal of various permits, quota and other legal requirements in relation to the employment of foreign workers may change from time to time, and there is no assurance that we will be able to respond to such changes in a timely manner. Such changes may also increase our costs and burden in complying with them, which may materially and adversely affect our business, financial condition and results of operation if we are unable to pass on the increased costs to our customers. For example, if the Malaysian Government reduces or freezes the issuance recruitment quota or tighten the approval process for hiring of foreign workers in Malaysia, and we fail to meet the new requirements, our business operations and profitability levels will be materially and adversely affected.

In the event that we are not able to find a suitable supply of foreign labour to meet the requirements of our customers due to the above factors, our prospects, business, operations and financial results may be adversely affected.

1.3 Competition from other industry players

Our success depends on our ability to compete effectively against our competitors on, amongst others, competitive pricing, quality of services and foreign workers recruited, reliability, reputation and size of operations. We may face more intense competition in the future from existing competitors and new market entrants, which may be in a better position to expand their market share due to their longer operating histories, larger customer base, ready access to sub-contractors, wider range of services, greater financial resources or otherwise.

In the event that we fail to compete effectively and to maintain or grow our market share, we may face lower demand for our solutions and services, lower profit margins and/or loss of market share, which may have an adverse impact on our prospects, business, operations and financial results. Despite the competitive environment in the market that we are operating in, we believe our competitive strengths will enable us to drive growth and continue to expand our market share.

1.4 Dependency on manufacturing and services sectors in Malaysia

Our Group is principally involved in the provision of foreign worker management services, manual labour services as well as foreign worker insurance products and services. There is no assurance that the demand of our services for the manufacturing and services sectors will be maintained or continue to grow. The manufacturing and services sectors may be affected by any economic downturn leading to reduced demand for foreign workers and our services. This may adversely affect our operations and financial performance.

There can be no assurance that any changes within the manufacturing and services sectors, including technology advancement or industry development leading to mass automation of manufacturing and services processes, which will reduce the reliance on labour will affect the demand of our services.

1.5 Foreign workers may launch industrial actions or strikes to demand for higher wages and/or shorter working hours

Foreign workers are usually divided into various different trades. Industrial action of any trade may disrupt our operation and/or the operation of our customers and thus the work progress of projects undertaken by our customers. Although we have not experienced any industrial actions or strikes among our foreign workers or that of our customers, there is no assurance that the foreign workers in Malaysia will not launch any industrial actions or strikes to demand for higher wages and/or shorter working hours in the future. In either case, any industrial actions or strikes may have adverse impact on our profitability and results of operation.

1.6 Presence of illegal foreign workers

In the recent years, it was reported that several companies have been reprimanded over illegal sourcing of foreign workers from Myanmar, Bangladesh, Indonesia, Nepal, Vietnam and Philippines for the construction, food and beverage and other services sectors. If our customers are found to be engaged in the hiring of illegal foreign workers, they will likely face severe fines and may have their business operations suspended or shut down (due to revoking of operating licenses) by the relevant authorities. In such events, we stand to lose existing and future business from the affected customers.

We have no assurance that our customers will not engage illegal foreign workers in their business operations or projects, in which case the demand for our service and solutions offering may decrease and our business and financial positions and prospects may be adversely affected.

2. RISK SPECIFIC TO OUR GROUP

2.1 Dependency on our Directors and key management personnel

The continuing success, growth and expansion of our Group will depend on the knowledge, experience and continued efforts of our Executive Directors and key management personnel. Therefore, the loss of any of our Executive Directors and key management personnel without suitable and timely replacements, may result in the loss of strategic leadership, disruption or delays to our operations and our prospects, business operations and financial performance may be adversely affected.

To attract, hire and retain suitable key management personnel, we strive to offer a competitive remuneration package and a variety of on-going training and development programmes. In addition, our younger management team members are constantly exposed to various aspects of our business operations and our Group's decision-making processes to ensure that they are equipped with the knowledge and have the necessary exposure to succeed in more senior management roles. Nonetheless, there can be no assurance that our Group's efforts will be successful in retaining our Executive Directors and key management personnel.

2.2 Liquidity risk on working capital requirements

There is generally a mismatch in the timing of payments of wages to the foreign workers and receiving payments from our customers under the foreign worker management services and manual labour services business segments. For foreign workers' wages, we provide settlements on a monthly basis. At the same time, we issue invoices to our customers on a monthly basis with a credit term between seven (7) days to thirty (30) days (excluding any upfront costs incurred by our Group for the deployment of foreign workers upon arrival to Malaysia to respective workplace). In addition, we are also required to pay upfront costs from our internal financial resources before receiving payments from our customers. These costs include levy, insurance, insurance guarantee, visa and foreign workers' accommodation expenses.

Our management team carefully monitors our cash flow and liquidity position in order to avoid running into any potential liquidity situations as well as to focus more on securing creditworthy customers with strong financial background. However, there will be no guarantee that we can receive payments from our customers in a timely manner or at all. In the event that there is prolonged mismatch in the timing of payments to the foreign workers and receiving payments from our customers, our Group may face liquidity issues and our cash flows and financial position could be materially and adversely affected.

2.3 Risk of abscondment of foreign workers

The foreign workers recruited from the source countries will work at the work sites designated by our customers in Malaysia. Although our Foreign Partners will provide briefing and training to the foreign workers on service standards, culture and work safety prior to their departure to Malaysia, there can be no assurance that the foreign workers will perform up to our customers' expectations and specifications.

We also face the risk of abscondment of foreign workers. If there is abscondment, we/our customers are required to notify Immigration Department of Malaysia together with a police report. We will also arrange for appropriate replacement within stipulated working days under the relevant contract terms with our customers. If the cases of sub-standard performance and/or abscondment occur frequently, it may adversely affect our customers' perception of our service quality and damage our reputation among our customers. This may result in reduction in future demands of our services or failure to renew our contract and thus adversely affect our business and financial performance.

2.4 Ability to source for suitable foreign workers

Our ability to meet the labour requirements of our customers may be affected by a number of events, which include but not limited to shortage in labour supply from our source countries, the availability of workers who are willing to take up employment in the manufacturing and services industries, changes in the governmental policies of Malaysia and the source countries as well as the ability to meet the training requirements.

In particular, we may also face difficulties in recruiting foreign workers to perform manual labour services involving cleaning, sanitising and manufacturing activities due to the lower wages and long hours that the job entails. In addition, foreign workers who work in both manufacturing and services sectors are required to be suitably qualified and/or permitted before they are deployed. The suitability and availability of foreign workers being supplied to us may affect our ability to fulfil our obligations under our service contracts, which in turn will materially and adversely affect our business, operations and financial performance.

3. MARKET RISKS

3.1 There has been no prior trading market for our Shares

There was no public trading market for our Shares prior to the Proposed Listing. Our Shares may therefore be illiquid and, accordingly, the Sophisticated Investors 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 investments. An investment in our Shares should be viewed as a long term investment.

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

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

Sophisticated Investors should not rely on comparisons with our results to date as an indication of future performance. Our operating results and prospects from time to time may be below the expectations of market analysts and investors. In addition, stock markets from time to time suffer significant price and volume fluctuations that affect the market prices for securities and which may be unrelated to our operating performance.

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

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

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

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

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

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

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

If our Proposed Listing does not take place within six (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 fourteen (14) days and our Directors shall be jointly and severally liable to repay the monies with interest at the rate of 10.0% per annum or such other rate as may be prescribed by Bursa Securities upon expiration of that period until full refund is made.

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

4. OTHER RISKS

4.1 Forward looking statements

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

PART IV (A)

AUDITED COMBINED FINANCIAL STATEMENTS OF MGB FOR FYE 30 SEPTEMBER 2016 AND 30 SEPTEMBER 2017

Manforce Group Berhad

(Incorporated in Malaysia)
(1228620-V)

COMBINED FINANCIAL STATEMENTS
30 SEPTEMBER 2016 AND 2017

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

Manforce Group Berhad

(Incorporated in Malaysia)
Company No: 1228620-V

Combined Financial Statements

for the Financial Year Ended 30 September 2016 and 2017

Contents

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

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The Board of Directors
MANFORCE GROUP BERHAD
No. 13-02, Jalan PJU 5/20E
Pusat Perdagangan Kota Damansara
47810 Petaling Jaya, Selangor

27 September 2018

Dear Sirs

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Manforce Group Berhad ("the Company") and its subsidiary companies ("the Group"), which comprise the combined statements of financial position as at 30 September 2016 and 2017 of Manforce Resources (M) Sdn. Bhd., combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of Manforce Resources (M) Sdn. Bhd. for the financial years ended 30 September 2016 and 2017, and a summary of significant accounting policies and notes to the financial statements, as set out in pages 4 to 56.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the Group as at 30 September 2016 and 2017 and of their financial performance and cash flows for the financial years ended 30 September 2016 and 2017 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group 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.

Responsibility of the Directors for the Combined Financial Statements

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

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

Responsibility of the Directors for the Combined Financial Statements (cont'd)

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

Auditors' Responsibility for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

(d) conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

Other Matters

This report has been prepared for inclusion in the Information Memorandum of Manforce Group Berhad in connection with the proposed listing of and quotation for the entire enlarged issued share capital of Manforce Group Berhad on the Leading Entrepreneur Accelerator Platform ("LEAP Market") of Bursa Malaysia Securities Berhad ("Bursa Securities"). This report is given for the purpose of complying with the LEAP Market listing requirements issued by Bursa Securities and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ECOVIS AHL PLT
AF 001825
Chartered Accountants

Kuala Lumpur

CHUA KAH CHUN
No. 02696/09/2019 (J)
Chartered Accountant

Manforce Group Berhad
(Incorporated in Malaysia)
Company No: 1228620-V

COMBINED STATEMENTS OF FINANCIAL POSITION

The audited combined statements of financial position as at 30 September 2016 and 2017 are set out below:

	Note	2017 RM	2016 RM
NON-CURRENT ASSETS			
Property and equipment	5	4,653,501	5,108,320
Goodwill on consolidation	7	-	-
Investment in an associate	8	-	-
Other investments	9	435,508	420,605
		5,089,009	5,528,925
CURRENT ASSETS			
Other investments	9	113,138	-
Trade receivables	10	9,978,639	11,393,436
Other receivables, deposits and prepayments	11	11,302,223	7,983,919
Amount owing by a Director	12	-	427,659
Deposits placed with licensed financial institutions	13	2,852,540	1,701,034
Cash and bank balances		6,714,132	3,584,567
		30,960,672	25,090,615
TOTAL ASSETS		36,049,681	30,619,540
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO COMMON CONTROLLING SHAREHOLDERS OF THE COMBINING ENTITIES			
Share capital	14	1,000,000	1,025,000
Retained profits		12,599,259	7,827,187
TOTAL EQUITY		13,599,259	8,852,187
NON-CURRENT LIABILITIES			
Borrowings	15	5,938,281	5,150,756
Deferred tax liabilities	16	123,000	220,000
		6,061,281	5,370,756
CURRENT LIABILITIES			
Trade payables	17	266,030	297,915
Other payables and accruals	18	9,649,344	11,447,805
Amount owing to a Director	12	220,056	-
Borrowings	15	6,098,559	2,806,986
Tax payable		155,152	1,843,891
		16,389,141	16,396,597
TOTAL LIABILITIES		22,450,422	21,767,353
TOTAL EQUITY AND LIABILITIES		36,049,681	30,619,540

The notes to the financial statements form an integral part of the financial statements.

Manforce Group Berhad
(Incorporated in Malaysia)
Company No: 1228620-V

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The audited combined statements of profit or loss and other comprehensive income for the financial years ended 30 September 2016 and 2017 are set out below:

	Note	2017 RM	2016 RM
Revenue	19	77,090,525	68,700,940
Cost of sales		(63,552,370)	(53,995,820)
Gross profit		13,538,155	14,705,120
Other operating income		1,953,582	477,359
Administrative expenses		(7,641,909)	(7,019,223)
Other operating expenses		(298,159)	(570,427)
Profit from operations		7,551,669	7,592,829
Finance income		90,282	65,653
Finance costs		(958,343)	(903,401)
Share of results of an associate		(5,958)	-
Profit before tax	20	6,677,650	6,755,081
Tax expense	21	(1,905,578)	(2,250,333)
Profit for the financial year		4,772,072	4,504,748
Other comprehensive income		-	-
Total comprehensive income, attributable to common controlling shareholders of the combining entities		4,772,072	4,504,748
Earnings per ordinary share ("EPS") (sen):			
- Basic	22	1.49	1.41

The notes to the financial statements form an integral part of the financial statements.

Manforce Group Berhad

(Incorporated in Malaysia)
Company No: 1228620-V

COMBINED STATEMENTS OF CHANGES IN EQUITY

The audited combined statements of changes in equity for the financial years ended 30 September 2016 and 2017 are set out below:

	Note	Share capital RM	Retained profits RM	Total equity RM
Balance as at 1 October 2015		1,325,002	5,322,439	6,647,441
Adjustment pursuant to restructuring exercise		(300,002)	-	(300,002)
Net profit for the financial year/ Total comprehensive income for the financial year		-	4,504,748	4,504,748
Dividend	23	-	(2,000,000)	(2,000,000)
Balance as at 30 September 2016/ 1 October 2016		1,025,000	7,827,187	8,852,187
Adjustment pursuant to restructuring exercise		(25,000)	-	(25,000)
Net profit for the financial year/ Total comprehensive income for the financial year		-	4,772,072	4,772,072
Balance as at 30 September 2017		1,000,000	12,599,259	13,599,259

The notes to the financial statements form an integral part of the financial statements.

Manforce Group Berhad
(Incorporated in Malaysia)
Company No: 1228620-V

COMBINED STATEMENTS OF CASH FLOWS

The audited combined statements of cash flows for the financial years ended 30 September 2016 and 2017 are set out below:

	Note	2017 RM	2016 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		6,677,650	6,755,081
Adjustments for :-			
Allowance for impairment losses			
- trade receivables	10	120,228	97,086
- other receivables	11	-	441,528
- investment in an associate	8	94,042	-
Bad debts written off		-	27,033
Deposits and prepayments written off		83,889	4,780
Depreciation of property and equipment	5	633,445	664,572
Finance costs			
- bank overdrafts		481,004	245,982
- hire purchase		50,355	66,598
- term loan		426,984	308,490
- interest on financial asset at amortised cost		-	282,331
Share of results of an associate		5,958	-
Deposits forfeited		(134,705)	-
Finance income			
- deposits placed with licensed financial institution		(51,506)	(37,188)
- other interest income		(23,818)	(17,585)
- unwinding of discount of financial assets	9	(14,958)	(10,880)
Gain on disposal of property and equipment		(561,036)	-
Reversal of impairment loss			
- trade receivables	10	(150,288)	(54,602)
- other receivables	11	(700,000)	-
Fair value gain on other investment		(13,138)	-
Waiver of debts		-	(89,130)
Operating profit before working capital changes		6,924,106	8,684,096
Changes in working capital:			
Trade and other receivables		(1,257,335)	(3,458,443)
Trade and other payables		(1,695,640)	657,110
Amount owing by/to a Director (net)		647,715	544,726
Cash generated from operations		4,618,846	6,427,489
Interest received		23,818	17,585
Interest paid		(481,004)	(245,982)
Tax paid		(3,691,318)	(1,399,516)
NET CASH GENERATED FROM OPERATING ACTIVITIES		470,342	4,799,576

The notes to the financial statements form an integral part of the financial statements.

Manforce Group Berhad
(Incorporated in Malaysia)
Company No: 1228620-V

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

The audited combined statements of cash flows for the financial years ended 30 September 2016 and 2017 are set out below: (cont'd)

	Note	2017 RM	2016 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Consideration paid for acquisition of equity interest in subsidiaries		(25,000)	(300,002)
Proceeds from disposal of property and equipment		627,560	-
Proceeds from disposal of other investment		55	-
Purchase of property and equipment	(a)	(49,150)	(255,219)
Acquisition of an associate		(100,000)	-
Acquisition of other investments		(100,000)	(692,056)
Placement of fixed deposits pledged to banks		(1,250,000)	-
Interest received		51,506	37,188
NET CASH USED IN INVESTING ACTIVITIES		(845,029)	(1,210,089)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loan		2,484,400	692,603
Repayment of term loans		(1,289,972)	(876,943)
Repayment of hire purchases		(737,417)	(450,353)
Dividend paid	23	-	(2,000,000)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		457,011	(2,634,693)
NET INCREASE IN CASH AND CASH EQUIVALENTS		82,324	954,794
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		2,669,200	1,714,406
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	24	2,751,524	2,669,200

Note

(a) Purchase of property and equipment

	2017 RM	2016 RM
Cost of property and equipment purchased (Note 5)	245,150	743,219
Financed by hire purchase and lease arrangement	(196,000)	(488,000)
Cash disbursed for purchase of property and equipment	49,150	255,219

The notes to the financial statements form an integral part of the financial statements.

Manforce Group Berhad
(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements

ABBREVIATIONS

Unless the context otherwise requires or the terms is defined otherwise, the following abbreviations shall apply throughout this report:

Act 2016	Companies Act, 2016
APMRSB	Agensi Pekerjaan Manforce Resources (M) Sdn. Bhd. (753816-A)
ASB	Adwatrans Sdn. Bhd. (709432-M)
Bursa Securities	Bursa Malaysia Securities Berhad
FYE	Financial year ended 30 September
GCSB	Gigaway Concept Sdn. Bhd. (976399-V)
IFRS	International Financial Reporting Standards
IMSSB	IMI Management & Services Sdn. Bhd. (628187-H)
MASB	Malaysian Accounting Standards Board
MCSB	Methane Consultancy Sdn. Bhd. (930114-X)
Manforce Resources	Manforce Resources (M) Sdn. Bhd. (652628-D)
MFRS	Malaysian Financial Reporting Standards
Manforce or Company	Manforce Group Berhad (1228620-V)
Manforce Group or Group	Manforce and its subsidiaries, collectively
M.R.H.	M.R.H. Group of Training Company Pvt. Ltd. (154714/073/074)
PCSSB	Panda Cleaning Services Sdn. Bhd. (891039-W)
PERS	Private Entity Reporting Standards
RM and sen	Ringgit Malaysia and sen, respectively
RRSB	Reflexi Resources (M) Sdn. Bhd. (623048-A)
Shares	Ordinary shares in Manforce

Manforce Group Berhad
(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

1. INTRODUCTION

The combined financial statements of Manforce has been prepared by the Directors for inclusion in the Information Memorandum of Manforce in connection with the proposed listing of and quotation for the entire enlarged issued share capital of Manforce on the Leading Entrepreneur Accelerator Platform ("LEAP Market") of Bursa Securities (defined as the "Proposed Listing"), and shall not be relied on for any other purposes.

These combined financial statements deal solely with the audited combined financial statements of Manforce Resources and its subsidiaries for the financial years ended 30 September 2016 and 2017. The audited financial statements of Manforce has not been presented in these combined financial statements as it is only exists to facilitate the Proposed Listing, and remains dormant. The assets, liabilities, income and expenses of Manforce for the financial period ended 30 September 2017 are insignificant.

The combined financial statements consist of the financial statements of combining entities as disclosed in Note 6 to the combined financial statements, which were under common control throughout the reporting years by virtue of common controlling shareholders.

The combined financial statements have been prepared using financial information obtained from the records of the combining entities for each of the reporting year.

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

2. GENERAL INFORMATION

Manforce was incorporated in Malaysia on 26 April 2017 under the Act 2016 with issued share capital of RM2.00 comprising two (2) ordinary shares of RM1.00 each.

The registered office of the Company is located at No. 4-1, Kompleks Niaga Melaka Perdana, Jalan KNMP 3, Bukit Katil, 75450 Melaka.

The principal place of business of the Company is located at No.13-02, Jalan PJU 5/20E, Pusat Perdagangan Kota Damansara, 47810 Petaling Jaya, Selangor.

The principal activity of the Company is that of investment holding. The principal activites of the combining entities are disclosed in Note 6 to the combined financial statements. There have been no significant changes in the nature of these activities during the financial year ended 30 September 2017.

Manforce Group Berhad

(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

This report comprises solely the audited combined financial statements of Manforce Resources and its subsidiaries for the past two (2) FYE 30 September 2016 and 2017. The audited financial statements of Manforce have not been presented in this report because it was only incorporated on 26 April 2017 to facilitate the Proposed Listing, and remains dormant. The assets, liabilities, income and expenses of Manforce for the financial period ended 30 September 2017 are insignificant relative to those of the Group.

The combined financial statements have been prepared in accordance with MFRS and IFRS.

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

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

The combined financial statements consist of the financial statements of combining entities as disclosed in Note 6 to the financial statements, which were under common control throughout the reporting years by virtue of common controlling shareholders in Manforce Resources and/or Dato' Wong Boon Ming.

The audited combined financial statements of Manforce Group have been prepared as if Manforce Group has operated as a single economic entity throughout FYE 30 September 2016 to 30 September 2017 and have been prepared from the books and records maintained by each entity. The historical financial information of the combining entities with different length of financial periods have been carved out into 12 months to be coterminous with Manforce Resources and such historical financial information has been audited by Ecovis AHL PLT.

The accounting policies set out in Note 3.2 to the financial statements have been applied in preparing the combined financial statements for the FYE 30 September 2016 and 2017.

The combined financial statements are presented in RM, which is also the functional currency of combining entities.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Significant accounting policies

3.2.1 Basis of accounting

The combined financial statements have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of these financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. The Directors are also required to exercise their judgement in the process of applying the accounting policies. Areas involving such judgements, estimates and assumptions are disclosed in Note 4 to the financial statements. Although these estimates and assumptions are based on the best knowledge of events and actions of the Directors, actual results could differ from those estimates.

3.2.2 Basis of consolidation

The combined financial statements incorporate the financial statements of the combining entities as disclosed in Note 6 of the financial statements. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights and potential voting rights of the Group.

Intragroup balances, transactions, income and expenses are eliminated in the combined financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The combined financial statements reflect external transactions only.

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

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Significant accounting policies (cont'd)

3.2.2 Basis of consolidation (cont'd)

Non-controlling interests represent equity in the combining entities that are not attributable, directly or indirectly, to the common controlling shareholders, and is presented separately in the combined statements of profit or loss and other comprehensive income and within equity in the combined statements of financial position, separately from equity attributable to the common controlling shareholders. Profit or loss and each component of other comprehensive income are attributed to the common controlling shareholders and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary disposed of during the financial year are included in the combined statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the common controlling shareholders' interests in a combining entity that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the combining entity. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the common controlling shareholders of the combining entities.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

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

Amounts previously recognised in other comprehensive income in relation to the combining entities are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former combining entities at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

Notes to the Combined Financial Statements (Cont'd)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Significant accounting policies (cont'd)

3.2.3 Business combinations not under common control

Business combinations not under common control are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

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

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the combined statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Notes to the Combined Financial Statements (Cont'd)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Significant accounting policies (cont'd)

3.2.4 Business combinations under common control

The Group resulting from the restructuring exercise, as disclosed in Note 1 to the financial statements, comprises entities under common control. An acquisition that resulted in a business combination involving common control entities is outside the scope of MFRS 3 *Business Combination*.

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

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

3.2.5 Goodwill

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

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Goodwill acquired in a business combination is from the acquisition date, allocated to each of the cash-generating units ("CGU") or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

3.2.6 Property and equipment and depreciation

All items of property and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. After initial recognition, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the combining entities and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the combining entities are obligated to incur when the asset is acquired, if applicable.

Notes to the Combined Financial Statements (Cont'd)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Significant accounting policies (cont'd)

3.2.6 Property and equipment and depreciation (cont'd)

Depreciation is calculated under the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Depreciation of an asset begins when it is ready for its intended use.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation periods are as follows:

Leasehold lands and buildings	97 to 98 years
Furniture and fittings	10%
Office equipment	10%
Renovation	10%
Signboard	10%
Telecommunication equipment	10% - 20%
Motor vehicles	20%
Computer	20% - 50%

At the end of each reporting year, the carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that carrying value may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 3.2.8 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting year to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

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

3.2.7 Leases

(a) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense 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 accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold lands and buildings which in substance is a finance lease is classified as property and equipment.

Notes to the Combined Financial Statements (Cont'd)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Significant accounting policies (cont'd)

3.2.7 Leases (cont'd)

(b) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

3.2.8 Impairment

(a) Impairment of financial assets

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

<u>Financial assets carried at amortised cost</u>

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristic. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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

Notes to the Combined Financial Statements (Cont'd)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Significant accounting policies (cont'd)

3.2.8 Impairment (cont'd)

(b) Impairment of non-financial assets

The carrying amount of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting year to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill that has an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the CGU to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocate to each of the CGU or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquire are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

Notes to the Combined Financial Statements (Cont'd)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Significant accounting policies (cont'd)

3.2.9 Financial instruments

(a) Financial assets

Financial assets are recognised on the statement of financial position when, and only when, the Group become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group classify its financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Cash and cash equivalents consist of cash in hand, balances and deposits with financial institutions, other short term and highly liquid investment which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has been expired or has been transferred and the Group has transferred substantially all risk and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

The Group classifies their financial liabilities at initial recognition, into other financial liabilities measured at amortised cost.

The Group's other financial liabilities comprise trade and other payables and borrowings.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Significant accounting policies (cont'd)

3.2.9 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

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

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) Equity

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

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

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

(d) Off-setting of financial instruments

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

3.2.10 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

Borrowing costs 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.

The capitalisation of borrowing costs as part of the cost of qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sales are in progress. Capitalisation of borrowing costs in suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sales are interrupted or completed.

Manforce Group Berhad

(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Significant accounting policies (cont'd)

3.2.11 Taxes

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon taxable profit and real property gains taxes payable on disposal of properties, if any.

Current income tax assets and liabilities are the expected amount to be recovered from or paid to the taxation authorities at the end of the reporting period.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax related to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government which have the substantive effect of actual enactment by the end of each reporting period.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Significant accounting policies (cont'd)

3.2.11 Taxes (cont'd)

(c) Goods and service tax ("GST")

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

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

3.2.12 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations not under common control, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

3.2.13 Employee benefits

(a) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The combining entities make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contribution to defined contribution pension schemes is recognised as an expense in the period in which the related service is performed.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Significant accounting policies (cont'd)

3.2.14 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the combining entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The combined financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the combining entities.

(b) Foreign currency transactions and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date.

All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise.

Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

3.2.15 Investments in subsidiaries

A subsidiary is an entity in which the Group are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements at cost. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

Notes to the Combined Financial Statements (Cont'd)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Significant accounting policies (cont'd)

3.2.16 Investments in associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate equals or exceeds its interest in the associate, including any long-term interest that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investments in associates include goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of results of associated company' in the profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interest in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in the statements of comprehensive income.

Manforce Group Berhad

(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Significant accounting policies (cont'd)

3.2.17 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Service rendered

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers net of discount during the year.

(b) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(c) Dividend income

Dividend income is recognised when the rights of the Group to received payment is established.

(d) Rental income

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreement unless the collectability of the rental is in doubt and suspended.

(e) Commission income

Commission income is recognised in the profit or loss on an accrual basis, in accordance with the terms of the agreements with intermediaries.

3.2.18 Operating segments

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

The chief operating decision-maker of Manforce Group responsible for allocating resources and assessing performance of the operating segments is the management team of Manforce.

3.2.19 Earnings per share

(a) Basic

Basic earnings per share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders by the expected number of ordinary shares of the Company upon completion of the Proposed Listing.

(b) Diluted

Diluted earnings per share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders by the expected number of ordinary shares of the Company upon completion of the Proposed Listing.

Notes to the Combined Financial Statements (Cont'd)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Significant accounting policies (cont'd)

3.2.20 Fair value measurement

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

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

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

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

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

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

3.2.21 Related parties

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

(a) A person or a close member person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

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

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

Notes to the Combined Financial Statements (Cont'd)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Significant accounting policies (cont'd)

3.2.22 Current versus non-current classification

Assets and liabilities in statement of financial position are presented based on current/non-current classification. An asset is current when it is:

(i) Expected to be realised or intended to sold or consumed in normal operating cycle;
(ii) Held primarily for the purpose of trading;
(iii) Expected to be realised within twelve months after the reporting period; or
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

(i) It is expected to be settled in normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.3 New MFRSs that have been issued, but not yet effective and not yet adopted

The following are the Standards and Amendments of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group:

(a) Effective for financial periods beginning on or after 1 January 2017

(i) Amendments to MFRS 12, 'Disclosure of interest in other entities' - Annual Improvements to MFRSs 2014 – 2016 Cycle
(ii) Amendments to MFRS 107, 'Statement of Cash Flows' - Disclosure Initiative
(iii) Amendments to MFRS 112, 'Income Taxes' - Recognition of Deferred Tax Assets for Unrealised Losses

(b) Effective for financial periods beginning on or after 1 January 2018

(i) MFRS 9, 'Financial Instruments (2014)'
(ii) MFRS 15, 'Revenue from Contracts with Customers'
(iii) Clarifications to MFRS 15, 'Revenue from Contracts with Customers'
(iv) IC Interpretation 22, 'Foreign Currency Transactions and Advance Consideration'
(v) Amendments to MFRS 1, 'First-time Adoption of Malaysian Financial Reporting Standards' - Annual Improvements to MFRS Standards 2014-2016 Cycle
(vi) Amendments to MFRS 2, 'Share-based Payment' – Classification and Measurement of Share-based Payment Transactions
(vii) Amendments to MFRS 4, 'Insurance Contracts' - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
(viii) Amendments to MFRS 128, 'Investments in Associates and Joint Ventures' - Annual Improvements to MFRS Standards 2014-2016 Cycle
(ix) Amendments to MFRS 140, 'Investment Property' - Transfers of Investment Property

Notes to the Combined Financial Statements (Cont'd)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 New MFRSs that have been issued, but not yet effective and not yet adopted (cont'd)

(c) Effective for financial periods beginning on or after 1 January 2019

(i) MFRS 16, 'Leases'
(ii) Amendments to MFRS 3, 'Business Combinations' - Annual Improvements to MFRS Standards 2015–2017 Cycle
(iii) Amendments to MFRS 9, 'Financial Instruments' - Prepayment Features with Negative Compensation
(iv) Amendments to MFRS 11, 'Joint Arrangements' - Annual Improvements to MFRS Standards 2015–2017 Cycle
(v) Amendments to MFRS 112, 'Income Taxes' - Annual Improvements to MFRS Standards 2015–2017 Cycle
(vi) Amendments to MFRS 123, 'Borrowing Costs' - Annual Improvements to MFRS Standards 2015–2017 Cycle
(vii) Amendments to MFRS 128, 'Investments in Associates and Joint Ventures' - Long-term Interests in Associates and Joint Ventures

(d) Effective for financial periods beginning on or after 1 January 2021

(i) MFRS 17, 'Insurance Contracts'

(e) Deferred

(i) Amendments to MFRS 10, 'Consolidated Financial Statements' and MFRS 128, 'Investment in Associates and Joint Ventures' - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will adopt the above pronouncements when they become effective in the respective financial years. These pronouncements are not expected to have any material financial impacts to the financial statements of the Company upon their initial application, except as described below:

(i) MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. MFRS 9 also introduces a new impairment model with a forward-looking expected credit loss model.

(ii) MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue-Barter Transactions Involving Advertising Services.*

MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

Manforce Group Berhad
(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 New MFRSs that have been issued, but not yet effective and not yet adopted (cont'd)

The Group will adopt the above pronouncements when they become effective in the respective financial years. These pronouncements are not expected to have any material financial impacts to the financial statements of the Company upon their initial application, except as described below: (cont'd)

(iii) MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases-Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Currently under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the former but not the latter. As a result, many users have resorted to adjust the lessees' financial statements for the effects of operating leases commitments to enable comparison with entities that borrow to buy assets.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position as recording certain leases as off-balance sheet leases will no longer be allowed except for some limited practical exemptions. In other words, for a lessee that has material operatings leases, the assets and liabilities reported on its statement of financial position are expected to increase substantially.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Changes in estimates

The Directors and management are of the opinion that there are no significant changes in estimates at the end of each reporting year.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.2 Critical judgements made in applying accounting policies

The following are judgements made by the Directors in the process of applying the accounting policies of the combining entities that have the most significant effect on the amounts recognised in the combined financial statements:

(a) Classification of leasehold land and buildings

The combining entities have assessed and classified land use rights of the combining entities as finance leases in accordance with MFRS 117 *Leases* based on the extent to which risk and rewards incidental to ownership of the land resides with the combining entities arising from the lease term. Consequently, the combining entities have classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.

(b) Classification of non-current bank borrowings

Term loan agreements entered into by the combining entities include repayment on demand clauses at the discretion of financial institutions. The combining entities believe that in the absence of a default on payment being committed by the combining entities, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amounts of the term loans have been reclassified between current and non-current liabilities based on their repayment period.

4.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Taxes

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

(b) Impairment on loans and receivables

The Group assess at each reporting date whether there is any objective that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group consider factor such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(c) Depreciation of property and equipment

The useful lives and residual values of other components of property and equipment are estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

Manforce Group Berhad
(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

5. PROPERTY AND EQUIPMENT

	Leasehold lands and buildings RM	Computer RM	Motor vehicles RM	Telecommunication equipment RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Signboard RM	Total RM
At cost									
At 1 October 2016	3,962,467	410,639	3,412,087	36,153	107,047	147,387	477,143	857	8,553,780
Additions	-	20,354	222,662	-	-	2,134	-	-	245,150
Disposals	-	(25,194)	(1,478,284)	-	-	-	-	-	(1,503,478)
At 30 September 2017	3,962,467	405,799	2,156,465	36,153	107,047	149,521	477,143	857	7,295,452
Accumulated depreciation									
At 1 October 2016	264,472	378,078	2,348,743	24,924	71,992	104,923	251,474	854	3,445,460
Charge for the year	40,639	35,483	493,001	4,448	4,805	7,997	47,072	-	633,445
Disposals	-	(25,170)	(1,411,784)	-	-	-	-	-	(1,436,954)
At 30 September 2017	305,111	388,391	1,429,960	29,372	76,797	112,920	298,546	854	2,641,951
Carrying amount									
At 30 September 2017	3,657,356	17,408	726,505	6,781	30,250	36,601	178,597	3	4,653,501

Manforce Group Berhad
(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

5. PROPERTY AND EQUIPMENT (CONT'D)

	Leasehold lands and buildings RM	Computer RM	Motor vehicles RM	Telecommunication equipment RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Signboard RM	Total RM
At cost									
At 1 October 2015	3,962,467	369,900	2,718,475	34,656	107,047	140,016	477,143	857	7,810,561
Additions	-	40,739	693,612	1,497	-	7,371	-	-	743,219
At 30 September 2016	3,962,467	410,639	3,412,087	36,153	107,047	147,387	477,143	857	8,553,780
Accumulated depreciation									
At 1 October 2015	223,835	341,940	1,824,984	21,161	70,109	93,603	204,402	854	2,780,888
Charge for the year	40,637	36,138	523,759	3,763	1,883	11,320	47,072	-	664,572
At 30 September 2016	264,472	378,078	2,348,743	24,924	71,992	104,923	251,474	854	3,445,460
Carrying amount									
At 30 September 2016	3,697,995	32,561	1,063,344	11,229	35,055	42,464	225,669	3	5,108,320

Notes to the Combined Financial Statements (Cont'd)

5. PROPERTY AND EQUIPMENT (CONT'D)

(a) The carrying amount of the property and equipment of the Group which held in trust in the name of a Director at the end of each reporting year are as follows:

	2017 RM	2016 RM
Leasehold lands and buildings	1,798,887	1,818,874
Motor vehicles	357,000	476,000

(b) The carrying amount of the property and equipment under the finance leases at the end of each reporting year are as follows:

	2017 RM	2016 RM
Motor vehicles	726,498	1,054,195

(c) As at the end of each reporting year, the following assets have been charged to local financial institutions for credit facilities granted to the Group as disclosed in Note 15 to the financial statements.

	2017 RM	2016 RM
Leasehold lands and buildings	3,657,356	3,697,995

6. COMBINING ENTITIES

Details of combining entities are as follows:

Name of combining entities	2017 %	2016 %	Principal activities
Subsidiary of Manforce			
Manforce Resources	100	100	Investment holding and provision of foreign workers' management services
Subsidiaries of Manforce Resources			
IMSSB (1)	100	100	Provision of manual labour services
PCSSB (1)	100	100	Provision of manual labour services
RRSB (1)	100	100	Provision of manual labour services
GCSB (1)	100	100	Provision of manual labour services
ASB (2)	100	100	Provision of manual labour services
APMRSB (1)	100	100	Insurance agent to provide foreign worker related insurance products

All subsidiaries held by Manforce as at the date of this report are incorporated in Malaysia.

(1) The Group has applied the merger method of accounting on a retrospective basis as if the combination had taken place before the start of the earliest year presented in the combined financial statements.

(2) Acquisition of this subsidiary was accounted using the acquisition method as there is no common control between Manforce Resources and ASB.

Manforce Group Berhad

(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

7. GOODWILL ON CONSOLIDATION

	2017 RM	2016 RM
Cost		
At beginning and end of the financial year	434,834	434,834
Accumulated impairment losses		
At beginning and end of the financial year	(434,834)	(434,834)
Carrying amount at end of the financial year	-	-

8. INVESTMENT IN AN ASSOCIATE

	2017 RM	2016 RM
Unquoted shares, at cost	100,000	-
Share of post-acquisition reserves ^	(5,958)	-
Impairment of investment in associate	(94,042)	-
	-	-

^ Share of post-acquisition reserves is based on the unaudited management accounts of the associate for the financial period ended 30 September 2017.

The detail of the associate, which is incorporated in Nepal, is as follow:

	Effective equity interest		
	2017	2016	
Name of associate	**%**	**%**	**Principal activities**
M.R.H.	25	-	Provision of training and job placement

The summarised financial information below represent amounts in the equity-accounted associate's management accounts:

	2017 (Unaudited) RM
Assets and liabilities	
Non-current assets	157,855
Current assets	10,372
Total assets	168,227
Current liabilities, representing total liabilities	383,957
Results	
Revenue	4,856
Total expenses	(28,689)
Loss after tax/total comprehensive loss for the period	(23,833)

Manforce Group Berhad
(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

8. INVESTMENT IN AN ASSOCIATE (CONT'D)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate is as follows:

	2017 (Unaudited) RM
Net liabilities at the acquisition date	(191,897)
Loss for the year	(23,833)
Net asset at the end of the financial year	(215,730)
Interest in associate as at the end of the financial year	25%
Carrying value of the Group's interest in associate	(53,932)
Goodwill arise from acquisition	147,974
Impairment of investment in associate (Note 20)	(94,042)
Net carrying value of the Group's interest in associate	-

9. OTHER INVESTMENTS

	Note	**2017 RM**	**2016 RM**
Non-current			
Investment in unquoted shares	(a)	-	55
Financial asset at amortised asset	(b)	435,508	420,550
		435,508	420,605
Current			
Financial asset at fair value through profit or loss	(c)	113,138	-

(a) Investment in unquoted shares

Included in other investment comprised investment in unquoted ordinary shares of MCSB at cost by Manforce Resources, which was acquired during the FYE 2016 for a total cash consideration of RM55. This company was dormant.

The financial position, financial performance and cash flows of MCSB had been carved out from the combined financial statements because on 26 January 2017, the management of Manforce Resources had disposed the entire equity interest of MCSB for the purposes of the Proposed Listing. The Directors are of the view that the carve out effect of MCSB is not material to the combined financial statements.

(b) Financial asset at amortised cost

	2017 RM	**2016 RM**
Nominal		
At 1 October	692,001	-
Addition	-	692,001
At 30 September	692,001	692,001
Less: Discount		
At 1 October	271,451	-
Interest expense (Note 20)	-	282,331
Unwinding of discount (Note 20)	(14,958)	(10,880)
At 30 September	256,493	271,451
Carrying amount at 30 September	435,508	420,550

9. OTHER INVESTMENTS (CONT'D)

(b) Financial asset at amortised cost (cont'd)

This financial asset represented the "Business Loan Levy Term Assurance" ("BLLTA") policies, which were acquired on 17 December 2015 as a security to the term loan as disclosed in Note 15.2(b) to the financial statements. This financial asset carries an effective interest rate of 3.5% per annum and are receivables on 17 December 2030 at their nominal amount of RM692,001.

(c) Financial asset at fair value through profit or loss

	2017 RM	**2016 RM**
Financial asset at fair value through profit or loss:		
- unit trusts in Malaysia	113,138	-

10. TRADE RECEIVABLES

	2017 RM	**2016 RM**
Trade receivables	12,264,445	13,709,302
Less: Accumulated impairment losses	(2,285,806)	(2,315,866)
	9,978,639	11,393,436

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted ranges from 30 to 60 (2016: 30 to 60) days. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) The ageing analysis of trade receivables are as follows:

	2017 RM	**2016 RM**
Neither past due nor impaired	8,943,231	10,536,064
Past due but not impaired		
Past due 1 to 30 days	741,705	325,160
Past due 31 to 60 days	173,548	69,663
Past due 61 to 90 days	2,444	68,298
Past due more than 90 days	117,711	394,251
	1,035,408	857,372
Impaired - individually	2,285,806	2,315,866
	12,264,445	13,709,302

Notes to the Combined Financial Statements (Cont'd)

10. TRADE RECEIVABLES (CONT'D)

(c) The reconciliation of movements in the impairment loss is as follows:

	2017 RM	2016 RM
At beginning of the financial year	2,315,866	2,273,382
Charge for the financial year (Note 20)	120,228	97,086
Reversal of impairment loss (Note 20)	(150,288)	(54,602)
At end of the financial year	2,285,806	2,315,866

(d) Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

(e) The Group has trade receivables amounting to RM1,035,408 (2016: RM857,372) that are past due but not impaired at the reporting date. The trade receivables that are past due but not impaired are expected to be collected in the next twelve months.

(f) Trade receivables of the combining entities that are individually determined to be impaired at the reporting date relate to receivables that are defaulted on payments or the Directors are of the opinion that is not recoverable. The receivables are not secured by any collateral or credit enhancements.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 RM	2016 RM
Other receivables		
- Third parties	3,159,743	2,221,861
- Related parties	3,600,592	2,762,431
	6,760,335	4,984,292
Less: Accumulated impairment losses		
- Third parties	(44,007)	(744,007)
	6,716,328	4,240,285
Refundable deposits	1,516,249	1,006,366
Prepayments	3,069,646	2,737,268
	11,302,223	7,983,919

(a) Other receivables – related parties represented amount owing by related parties in which a Director(s) of the Group has interest. The amount is unsecured, non-interest bearing and repayable on demand.

(b) Other receivables – related parties as at 30 September 2017 amounted to RM1,814,296 have been fully settled as at 29 March 2018.

(c) The Group extended a related party, Manforce Nexis Sdn. Bhd.'s credit term amounted to RM2,086,143 to repayable by 6 equal monthly principal repayment of RM347,691 each commencing from 1 January 2018.

The reconciliation of movements in the impairment loss is as follows:

	2017 RM	2016 RM
At beginning of the financial year	744,007	302,479
Charge for the financial year (Note 20)	-	441,528
Reversal of impairment losses (Note 20)	(700,000)	-
At end of the financial year	44,007	744,007

12. AMOUNT OWING BY/(TO) A DIRECTOR

The amounts owing by/(to) a Director arose mainly from unsecured advances, which is non-interest bearing and repayable upon demand in cash and cash equivalents.

13. DEPOSITS PLACED WITH LICENSED FINANCIAL INSTITUTIONS

Deposits placed with licensed financial institutions as at the end of each financial year have average maturity period between 30 to 365 days (2016: 30 to 90 days) and in the range of interest rate of 2.7% to 3.1% (2016: 2.7% to 3.0%) per annum.

Deposits amounted to RM1,900,000 (2016: RM650,000) is held as security placed to financial institutions for banking facilities granted to Manforce Resources as disclosed in Note 15 to the financial statements.

14. SHARE CAPITAL

	2017 No. of shares	2017 RM	2016 No. of shares	2016 RM
Issued and fully paid:				
Balance at 1 October	1,025,000	1,025,000	1,325,002	1,325,002
Adjustment pursuant to restructuring exercise	(25,000)	(25,000)	(300,002)	(300,002)
Balance at 30 September	1,000,000	1,000,000	1,025,000	1,025,000

For the purpose of this report, the total number of shares as at 1 October 2015 represent the aggregate number of issued shares of all entities within the Group that applied the merger method of accounting. Pursuant to the restructuring exercise of Manforce Resources and its subsidiaries, the total number of shares as at 30 September 2017 represent the number of issued shares of Manforce Resources.

Prior to 31 January 2017, the Company's issued and fully paid-up share capital comprises ordinary shares with a par value of RM1.00 each. The new Companies Act, 2016, which came into operation on 31 January 2017, introduces the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

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.

15. BORROWINGS

	2017 RM	2016 RM
Non-current liabilities		
Hire purchase liabilities	459,577	801,912
Term loans	5,478,704	4,348,844
	5,938,281	5,150,756
Current liabilities		
Hire purchase liabilities	213,837	362,564
Term loans	969,574	478,021
Bank overdrafts	4,915,148	1,966,401
	6,098,559	2,806,986
	12,036,840	7,957,742

Notes to the Combined Financial Statements (Cont'd)

15. BORROWINGS (CONT'D)

	Note	2017 RM	2016 RM
Total borrowings			
Hire purchase liabilities	**15.1**	673,414	1,164,476
Term loans	**15.2**	6,448,278	4,826,865
Bank overdrafts	**15.2**	4,915,148	1,966,401
		12,036,840	7,957,742
Maturities of borrowings			
Not later than one year		6,098,559	2,806,986
Later than one year and not later than five years		3,058,918	1,970,170
More than five years		2,879,363	3,180,586
		12,036,840	7,957,742

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

	2017 %	2016 %
Hire purchase liabilities	2.32 - 3.51	2.32 - 3.65
Term loans	5.35 - 11.25	5.35 - 7.35
Bank overdrafts	8.06 - 8.35	8.06 - 8.35

15.1 Hire purchase liabilities

	2017 RM	2016 RM
Minimum hire purchase payments:		
- not later than one year	242,296	409,461
ter than one year and not later than five years	484,718	834,185
- later than five years	7,754	23,425
	734,768	1,267,071
Less: Future interest charges	(61,354)	(102,595)
Present value of hire purchase liabilities	673,414	1,164,476
Represented by:		
Current:		
- not later than one year	213,837	362,564
Non-current:		
ter than one year and not later than five years	451,951	779,523
- later than five years	7,626	22,389
	459,577	801,912
Present value of hire purchase liabilities	673,414	1,164,476

Hire purchase payables are secured by the financial institutions' charge over the assets under hire purchase. Certain hire purchase payables are also guaranteed by one of the Director of the Company.

Manforce Group Berhad
(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

15. BORROWINGS (CONT'D)

15.2 Term loans and bank overdrafts

	2017 RM	2016 RM
Term loans		
Term loan 1 (secured) (a)	1,067,086	1,139,712
Term loan 2 (secured) (a)	139,552	289,292
Term loan 3 (secured) (a)	-	100,000
Term loan 4 (secured) (b)	3,132,675	3,295,645
Term loan 5 (secured) (b)	1,405,745	-
Term loan 6 (unsecured) (c)	703,220	-
Term loan 7 (secured) (d)	-	2,216
	6,448,278	4,826,865
Bank overdrafts – current		
Bank overdraft 1 (secured) (a)	1,073,982	71,863
Bank overdraft 2 (secured) (b)	2,892,280	1,894,538
Bank overdraft 3 (secured) (e)	948,886	-
	4,915,148	1,966,401
	11,363,426	6,793,266

	2017 RM	2016 RM
Term loans		
Current:		
- not later than one year	969,574	478,021
Non-current:		
- later than one year and not later than five years	2,606,967	1,190,647
- later than five years	2,871,737	3,158,197
	5,478,704	4,348,844
Total term loans	6,448,278	4,826,865

(a) Term loan 1 (Property loan), Term loan 2, Term loan 3 and Bank overdraft 1

Term loan 1 was to part finance purchase of Manforce Resource's property. Term loan 2 and term loan 3 were obtained for working capital purposes. Term loan 3 was fully repaid during the FYE 2017.

Bank overdraft 1 bears interest at 1.25% per annum above the base lending rate of the financial institution.

These borrowings were secured by the followings:

(i) The property mentioned in term loan 1 was charged for the purpose of securities to the term loans (Note 5);
(ii) Fixed deposits of RM200,000 (2016: RM200,000) pledged with the financial institution;
(iii) Personal guarantee by a Director, Dato' Wong Boon Ming for RM5,353,000 (2016: RM5,353,000); and
(iv) Non-withdrawal of existing life insurance policy of RM450,000 taken up by Manforce Resources in respect of Wong Chen Yong's life.

Notes to the Combined Financial Statements (Cont'd)

15. BORROWINGS (CONT'D)

15.2 Term loans and bank overdrafts (cont'd)

(b) Term loan 4, Term loan 5 and Bank overdraft 2

The facilities granted for these borrowings amounted to RM8,767,000 (2016: RM7,267,000).

Term loan 4 was obtained for the purpose of refinance Group's property (Note 5) and Business Loan Levy Term Assurance ("BLLTA") of a Director, Dato' Wong Boon Ming (Note 9(b)). It bears interest at 1.50% per annum below the base lending rate, repayable within fifteen years.

Term loan 5 is taken up by the Group on 28 November 2016, bears interest at 1.25% per annum above the base lending rate, repayable within five years.

Bank overdraft 2 bears interest of 1.25% per annum above the base lending rate of the financial institution.

These borrowings were secured by the followings:

(i) The property mentioned in term loan 4 was charged for the purpose of securities to the term loans (Note 5);
(ii) Fixed deposits of RM 700,000 (2016: RM450,000) pledged with the financial institution;
(iii) Joint and several guarantee by certain Directors of the Company; and
(iv) Corporate guaranteed by certain subsidiaries of the Company.

(c) Term loan 6

This is a bank loan taken up on 30 September 2016 bears interest fixed at 11.25% repayable within 3 years. This term loan was secured by personal guarantee by Dato' Wong Boon Ming.

(d) Term loan 7

Term loan 7 was secured by a fixed charge over a property owned by Dato' Wong Boon Ming, joint and several guaranteed by certain Directors of the Company. This term loan has been fully settled in FYE 2017.

(e) Bank overdraft 3

Bank overdraft 3 was obtained on 13 October 2016 amounted to RM2,000,000. The overdraft bears interest of 1.50% per annum above the base lending rate of the financial institution.

The facility was secured by the following:-
(i) Fixed deposit of RM1,000,000 (2016: RM Nil); and
(ii) Joint and several guarantee by certain Directors of the Company

Manforce Group Berhad

(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

16. DEFERRED TAX LIABILTIES

	2017 RM	2016 RM
At beginning of the financial year	220,000	178,199
Recognised in profit or loss (Note 21)	(97,000)	41,801
At end of the financial year	123,000	220,000

The components of the deferred tax liabilities recognised are as follows:

	2017 RM	2016 RM
Tax effects of:		
- deductible temporary differences of property and equipment	123,000	220,000

Deferred tax assets have not been recognised in respect of the following items:

Unrecognised deferred tax assets

	2017 RM	2016 RM
Unutilised tax assets at tax rate of 24% (2016: 24%)	242,354	68,203

The unutilised tax assets are available indefinitely for offset against future taxable profits of the Group, subject to agreement with the Inland Revenue Board of Malaysia. These tax benefits will only be obtained if the Group derives future assessable income of a nature and amount sufficient for the tax benefits to be utilised. Deferred tax assets have not been recognised in respect of the unutilised tax losses as the subsidiaries have a history of losses.

17. TRADE PAYABLES

	2017 RM	2016 RM
Trade payables		
- Third parties	264,057	295,713
- Related parties	1,973	2,202
	266,030	297,915

Trade payables are non-interest bearing and the normal trade credit terms granted range from 30 to 90 (2016: 30 to 90) days terms.

Trade payables - related parties represented amount owing to companies in which certain Directors of the Company have interests. The amount is unsecured, non-interest bearing and repayable on demand.

Manforce Group Berhad

(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

18. OTHER PAYABLES AND ACCRUALS

	2017 **RM**	**2016** **RM**
Other payables		
- Third parties	4,480,770	5,704,584
- Related parties	-	449,249
	4,480,770	6,153,833
Accruals	4,732,579	4,579,815
Deposit received	435,995	714,157
	9,649,344	11,447,805

Other payables - related parties represented amount owing to companies in which certain Directors of the Company have interests. The amount is unsecured, non-interest bearing and repayable on demand.

19. REVENUE

	2017 **RM**	**2016** **RM**
Foreign worker management services	35,482,873	31,856,138
Manual labour services:		
- Cleaning and sanitising activities	21,612,534	15,647,052
- Manufacturing-related activities	19,878,680	21,074,766
Others	116,438	122,984
	77,090,525	68,700,940

Manforce Group Berhad

(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

20. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	2017 RM	2016 RM
Auditors' remuneration		
-statutory	118,000	125,500
-non-statutory	70,000	-
Bad debts written off	-	27,033
Deposits and prepayments written off	83,889	4,780
Depreciation of property and equipment	633,445	664,572
Directors' remuneration:		
-Fees	69,000	190,453
-Salaries and other emoluments	525,750	510,680
-Defined contribution plans	64,329	60,363
-Commission (included in cost of sales)	55,749	19,898
-Other benefits	1,657	1,400
Interest expenses:		
-bank overdrafts	481,004	245,982
-hire purchases	50,355	66,598
-term loans	426,984	308,490
-interest on financial asset measured at amortised cost (Note 9)	-	282,331
Impairment losses on:		
- Trade receivables (Note 10)	120,228	97,086
- Other receivables (Note 11)	-	441,528
- Investment in an associate (Note 8)	94,042	-
Rental expense	45,112	169,719
Staff costs:		
-Short-term employment benefit	3,939,815	3,297,918
-Defined contribution plans	422,008	408,046
-Other benefits	219,405	197,793

And after crediting:

	2017 RM	2016 RM
Deposits forfeited	(134,705)	-
Gain on disposal of plant and equipment	(561,036)	-
Fair value gain on other investment	(13,138)	-
Finance income		
- deposit placed with licensed financial institutions	(51,506)	(37,188)
- other interest income	(23,818)	(17,585)
- unwinding of discount of financial asset (Note 9)	(14,958)	(10,880)
Realised gain on foreign exchange	(155)	(14,512)
Reversal of impairment loss		
- Trade receivables (Note 10)	(150,288)	(54,602)
- Other receivables (Note 11)	(700,000)	-
Rental income:		
- Accommodations/hostels	(181,883)	(236,475)
- Shop lots	(177,936)	(42,000)
Waiver of debts	-	(89,130)

Manforce Group Berhad

(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

21. TAX EXPENSE

	2017 RM	**2016 RM**
Current income tax:		
- for the financial year	2,007,353	2,208,532
- over provision in prior year	(4,775)	-
	2,002,578	2,208,532
Deferred tax (Note 16)		
- origination and reversal of temporary differences	(97,000)	41,801
Tax expense for the financial year	1,905,578	2,250,333

The Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of estimated taxable profits for the fiscal years.

A reconciliation of tax expense applicable to profit before tax at the statutory income tax rate to tax expense at the effective income tax rate of the Group is as follows:

	2017 RM	**2016 RM**
Profit before taxation	6,677,650	6,755,081
Tax at statutory tax rate of 24% (2016: 24%)	1,602,637	1,621,219
Tax effects in respect of:		
Non-taxable income	(273,893)	(7,279)
Non-allowable expenses	540,765	677,528
Differential in tax rate for:		
- small and medium companies in Malaysia	(133,307)	(109,338)
Over provision in prior year	(4,775)	-
Deferred tax assets not recognised	174,151	68,203
Tax expenses for the financial year	1,905,578	2,250,333

22. EARNINGS PER SHARE

(a) Basic

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

	2017 RM	**2016 RM**
Profit attributable to common controlling shareholders of the combining entities	4,772,072	4,504,748
Expected number of Shares upon completion of the Proposed Listing	319,982,580	319,982,580
Basic earnings per share (sen)	1.49	1.41

(b) Diluted

Diluted earnings per share equal basic earnings per share because there is no potentially dilutive instrument in existence as at the end of each reporting year.

Manforce Group Berhad
(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

23. DIVIDEND

Recognised during the financial year:	**2016 RM**
In respect of FYE 30 September 2016	
- Interim single tier dividend of RM2.00 per ordinary shares declared on 9 September 2016 and paid on 28 September 2016	2,000,000

No dividend has been paid or declared by the combining entities for FYE 2017.

24. CASH AND CASH EQUIVALENTS

(a) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting year:

	2017 RM	**2016 RM**
Cash and bank balances	6,714,132	3,584,567
Deposits placed with licensed financial institutions	2,852,540	1,701,034
	9,566,672	5,285,601
Bank overdrafts	(4,915,148)	(1,966,401)
	4,651,524	3,319,200
Less: Deposits held as security values	(1,900,000)	(650,000)
Cash and cash equivalents	2,751,524	2,669,200

(b) The currency exposure profile of cash and bank balances are as follows:

	2017 RM	**2016 RM**
Ringgit Malaysia ("RM")	6,697,423	3,524,145
United States Dollar ("USD")	12,102	55,987
Japanese Yen ("JPY")	375	410
Hong Kong Dollar ("HKD")	541	534
Singapore Dollar ("SGD")	3,113	3,031
Philippine Peso ("PHP")	460	460
Indonesian Rupiah ("IDR")	118	-
	6,714,132	3,584,567

25. LEASE COMMITMENTS

As at 30 September 2016 and 2017, the Group has the following operating lease commitments in respect of rental of accommodations/hostels. The future minimum lease payments under operating leases are as follows:

	2017 RM	**2016 RM**
Not later than one year	1,559,285	1,273,580
Later than one year and not later than five years	1,340,400	2,809,740
	2,899,685	4,083,320

26. RELATED PARTIES DISCLOSURE

(a) Identities of related parties

Parties are considered to be related to the Group if the combining entities have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or influence over the party in making financial and operating decisions, or vice versa, or where combining entities and the party are subject to common control or common significant influence. Related parties could be individual or other entities.

(b) In addition to the information detailed elsewhere in the financial statements, the combining entities had the following transactions with related parties during the reporting years:

	2017 RM	2016 RM
Advances to a Director		
- Dato' Wong Boon Ming	13,514,801	7,461,074
Consultation fees income charged to a company in which a Director has interests:		
- CT World Incentive Sdn. Bhd.	339,678	-
Waiver of debt given by a Company in which a Director has interests:		
- Reflexi Resources HR Sdn. Bhd.	-	89,130
Advances to companies in which a Director or certain Directors of the combining entities have interests:		
- Manforce Resources (MM2H) Sdn. Bhd.	9,032	9,756
- Manforce Nexis Sdn. Bhd.	438,331	396,509
- Manforce Resources Holdings Sdn. Bhd.	412,707	318,963
- Methane Consultancy Sdn. Bhd.	-	219,511
- TWM Group Development Sdn. Bhd.	120,000	200,000
- Dataran Ringgit Sdn. Bhd.	-	100,000
- CT World Incentive Sdn. Bhd.	74,484	-
- Globmega Bumi Sdn. Bhd.	775	-
- Mayang Merpati Sdn. Bhd.	51,300	-
Advances to close family members of a Director:		
- Wong Chen Yong	10,000	-
- Wong Chew Li	-	70,000

Notes to the Combined Financial Statements (Cont'd)

26. RELATED PARTIES DISCLOSURE (CONT'D)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the combining entities.

The remunerations of Directors and key management personnel during the reporting years are as follows:

	2017 RM	2016 RM
Directors of the combining entities		
Fees	69,000	190,453
Salaries, and other emoluments	525,750	510,680
Defined contribution plans	64,329	60,363
Other benefits	1,657	1,400
Commission	55,749	19,898
Total Directors' Compensation	716,485	782,794

The estimated monetary value of benefit-in-kind for Directors of the combining entities amounted to RM28,000 (2016: RM28,000).

	2017 RM	2016 RM
Key management personnel (including Directors of the combining entities)		
Directors' Fees	69,000	190,453
Salaries and other emoluments	1,190,939	935,106
Defined contribution plans	133,964	102,324
Other benefits	6,162	5,821
Commission	120,703	112,530
Total key personnel management's compensation	1,520,768	1,346,234

The estimated monetary value of benefit-in-kind for key management personnel (including Directors of the combining entities) amounted to RM62,800 (2016: RM62,800).

27. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of Directors as its operating decision maker in order to allocate resources to segments and to access their performance.

(a) The Group's operating segments are classified according to the nature of activities as follows:-

Foreign worker management services	:	Provide human resources, administrative and immigration related services of foreign workers employed by customers.
Manual labour services	:	Provide cleaning and sanitising activities as well as manufacturing-related activities to customers.
Other ancillary services	:	Insurance agent to provide foreign workers' related insurance products.

Manforce Group Berhad
(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

28. OPERATING SEGMENTS (CONT'D)

	Foreign worker management services	Manual labour services		Other ancillary services	Elimination	Total
		Cleaning and sanitising	Manufacturing-related			
	RM	RM	RM	RM	RM	RM
2017						
Revenue						
- External revenue	35,482,873	19,878,680	21,612,534	116,438	-	77,090,525
- Inter-company	4,217,872	-	-	-	(4,217,872)	-
Depreciation and amortisation	590,835	25,976	16,634	-	-	633,445
Finance income	66,464	16,975	6,843	-	-	90,282
Finance cost	953,689	4,654	-	-	-	958,343
Results						
Segment operating result	3,336,821	1,777,164	1,703,194	(39,529)	-	6,777,650
Share of results from associate						(5,958)
Impairment of investment in an associate						(94,042)
Profit before tax						6,677,650
Tax expense	(1,064,447)	(553,557)	(287,574)	-	-	(1,905,578)
Total comprehensive income attributable to common controlling shareholders of the combining entities						4,772,072

	Foreign worker management services	Manual labour services		Other ancillary services	Total
		Cleaning and sanitising	Manufacturing-related		
	RM	RM	RM	RM	RM
Combined statements of financial position					
2017					
Segments assets	23,973,994	5,358,052	6,637,544	80,091	36,049,681
Segments liabilities	17,766,108	3,114,903	1,540,804	28,607	22,450,422

Manforce Group Berhad
(Incorporated in Malaysia)
Company No: 1228620-V

Notes to the Combined Financial Statements (Cont'd)

27. OPERATING SEGMENTS (CONT'D)

	Foreign worker management services RM	Manual labour services: Cleaning and sanitising RM	Manual labour services: Manufacturing-related RM	Other ancillary services RM	Elimination RM	Total RM
2016						
Revenue						
- External revenue	31,856,138	15,647,052	21,074,766	122,984	-	68,700,940
- Inter-company	3,668,707	-	-	-	(3,668,707)	-
Depreciation and amortisation	647,900	-	16,671	-	-	664,571
Finance income	48,068	13,159	4,426	-	-	65,653
Finance cost	903,401	-	-	-	-	903,401
Results						
Segment operating result/ Profit before tax	3,309,579	1,804,796	1,681,538	(40,832)	-	6,755,081
Tax expense	(1,224,179)	(485,761)	(540,393)	-	-	(2,250,333)
Total comprehensive income attributable to common controlling shareholders of the combining entities						4,504,748

	Foreign worker management services RM	Manual labour services: Cleaning and sanitising RM	Manual labour services: Manufacturing-related RM	Other ancillary services RM	Total RM
Combine statement of financial position					
2016					
Segments assets	18,942,392	4,934,986	6,548,434	193,728	30,619,540
Segments liabilities	14,555,891	3,520,526	3,408,637	282,299	21,767,353

Notes to the Combined Financial Statements (Cont'd)

27. OPERATING SEGMENTS (CONT'D)

(a) Geographical information

The Group operated principally in Malaysia and has not ventured into any operations outside Malaysia during the reporting years.

(b) Major Customers

The Group does not have major customer with revenue equal to or more than 10% of the Group's revenue for FYE 2016 and 2017.

28. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 to the financial statements describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

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

	2017 RM	2016 RM
Loans and receivables		
Financial asset at amortised cost	435,508	420,550
Trade receivables	9,978,639	11,393,436
Other receivables and deposits (exclude prepayment)	8,042,021	5,246,651
Amount owing by a Director	-	427,659
Deposits placed with licensed financial institutions	2,852,540	1,701,034
Cash and bank balances	6,714,132	3,584,567
	28,022,840	22,773,897
Other financial liabilities		
Trade payables	266,030	297,915
Other payables and accruals (exclude GST payable)	9,283,340	10,759,862
Amount owing to a Director	220,056	-
Borrowings	12,036,840	7,957,742
	21,806,266	19,015,519

(b) Fair value hierarchy

	Fair value of financial instruments carried at fair value			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
Other investments				
- unit trusts	-	113,138	-	113,138

28. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments

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

(i) The carrying amounts of short term receivables and payables, cash and cash equivalents approximate their fair values due to the relatively short term maturity of these financial instruments and insignificant impact of discounting.

(ii) The carrying amount of the term loans approximated their fair values as these instruments bear interest at variable rates except for fixed rate term loan. The carrying amount of fixed rate term loan are considered to be reasonably close to its fair value as the effective interest rate of fixed rate term loan is approximate to the observable current market interest rates.

(iii) The carrying amount of hire purchase payables are considered to be reasonably close to its fair value as the effective interest rates of the hire purchase payables also approximate to the observable current market interest rates.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market risks (including foreign exchange currency risk, interest rate risk), credit risk and liquidity risk.

(a) Market risk

(i) Foreign Currency Exchange Risk

The Group are exposed to foreign currency risk on transactions and balances that were denominated in foreign currencies. The currencies gave rise to this risk were primarily in United States Dollar ("USD"), Singapore Dollar ("SGD") and others. Foreign currency risk was monitored closely and managed to an acceptable level. The combining entities exposures to foreign currency are as follows:

	USD RM	SGD RM	Others RM	Total RM
2017				
Financial asset				
Cash and bank balances	12,102	3,113	1,494	16,709
2016				
Financial asset				
Cash and bank balances	55,987	3,031	1,404	60,422

Foreign currency exchange risk sensitivity analysis

A 10% strengthening of the RM against the foreign currencies at the end of the reporting years would have increased profit before tax by approximately RM1,671 (2016: RM6,042). A 10% weakening in the foreign currencies would have had an equal but opposite effect on the profit before tax. This assumes that all other variables remain constant.

Notes to the Combined Financial Statements (Cont'd)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

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

The interest rate profile of the Group significant interest bearing financial instruments, based on the carrying amounts as at the end of the reporting years were:

	2017 RM	**2016 RM**
Fixed rate instruments		
Financial asset		
Deposits placed with licensed financial institutions	2,852,540	1,701,034
Financial liabilities		
Term loans	703,220	100,000
Hire purchase liabilities	673,414	1,164,476
Floating rate instruments		
Financial liabilities		
Term loans	5,745,058	4,726,865
Bank overdrafts	4,915,148	1,966,401

Interest rate risk sensitivity analysis

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

A 100 basis points strengthening in the interest rate of floating rate instruments as at the end of the reporting years would have decreased in profit before tax by RM106,602 (2016: RM66,933). A 100 basis points weakening would have had an equal but opposite effect on the profit before tax. This assumes that all other variables remain constant.

Notes to the Combined Financial Statements (Cont'd)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk

Credit risk is the risk of a financial loss to the Group that may arise if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its loans and receivables. For other financial assets (including cash and bank balances), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

(i) Receivables

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures.

Credit risk concentration profile

The Group major concentration of credit risk relates to the amount owing by 1 (2016: 1) customer which constituted 18.7% (2016: 12.6%) of its trade receivables as at the end of each reporting year.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting years.

(ii) Financial guarantee

As disclosed in Note 30 to the financial statements, Manforce Resources provides corporate guarantees to a licensed bank in respect of banking facilities granted to a company in which the Directors of Manforce Resources have financial interests in FYE 2016. Manforce Resources monitors on an ongoing basis the results of the related party and repayments made by the related party. There was no indication that the said company would default on repayment. The corporate guarantee has not been recognised since the fair value on initial recognition was not material.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practise prudent risk management by maintaining sufficient cash balances and internally generated funds.

Analysis of financial instruments by remaining contractual maturities

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

	Carrying Amount RM	Undiscounted Contractual Cash Flows RM	On demand or within one year RM	Two to five years RM	More than five years RM
2017					
Financial liabilities					
Trade payables	266,030	266,030	266,030	-	-
Other payables and accruals	9,283,340	9,283,340	9,283,340	-	-
Amount owing to a Director	220,056	220,056	220,056	-	-
Borrowings	12,036,840	14,162,770	6,530,431	4,078,493	3,553,846
	21,806,266	23,932,196	16,299,857	4,078,493	3,553,846
2016					
Financial liabilities					
Trade payables	297,915	297,915	297,915	-	-
Other payables and accruals	10,759,862	10,759,862	10,759,862	-	-
Borrowings	7,957,742	10,000,212	3,130,717	2,862,188	4,007,307
	19,015,519	21,057,989	14,188,494	2,862,188	4,007,307

30. CORPORATE GUARANTEE

	2017 RM	2016 RM
Corporate guarantee given to a licensed bank	5,500,000	5,500,000

The Company provides corporasste guarantee to a financial institutions for banking facilities granted to a company in which the Directors of Manforce Resources have financial interests. The fair value on initial recognition of corporate guarantee was not material as the possibility of default by the related party is negligible.

Notes to the Combined Financial Statements (Cont'd)

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust capital structure, the Group may adjust the dividend payment, returning of capital to shareholders or issuing new shares.

The Group monitors capital using a gearing ratio, which is derived by dividing borrowings over share equity. At the reporting date, the Group's gearing ratio is 0.89 times (2016: 0.90). The Group's policy is to keep gearing within manageable levels.

32. SUBSEQUENT EVENTS

(a) On 10 July 2018, Manforce entered into a Sale & Purchase Agreement with the shareholders of Manforce Resources to acquire the entire issued share capital of Manforce Resources for a total purchase consideration of RM13,599,259, which will be wholly satisfied by the issuance of 271,985,178 new ordinary shares of the Company.

(b) On 21 September 2018, Manforce was converted into a public limited company and assumed its present name of Manforce Group Berhad.

Manforce Group Berhad

(Incorporated in Malaysia)
Company No: 1228620-V

STATEMENT BY DIRECTORS

We, **Dato' Wong Boon Ming** and **Chin Kok Weng**, being two of the Directors of **Manforce Group Berhad**, state that, in the opinion of the Directors, the accompanying combined financial statements set out on pages 4 to 56 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the combined financial position of the Group aqs at 30 September 2016 and 2017 and of their financial performance, changes in equity and cash flows for the corresponding financial years ended on that date.

Signed in accordance with a resolution of the Directors dated

On behalf of the Board,

Dato' Wong Boon Ming	**Chin Kok Weng**
Director	Director

PART IV (B)

UNAUDITED COMBINED FINANCIAL STATEMENTS OF MGB FOR FPE 31 MARCH 2018

MANFORCE GROUP BERHAD (Company No.: 1228620-V)
(Incorporated in Malaysia)

UNAUDITED COMBINED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Unudited 31.03.2018 RM
NON-CURRENT ASSETS	
Property, plant and equipment	4,500,485
Other investments	443,185
	4,943,670
CURRENT ASSETS	
Other investments	119,841
Trade receivables	9,938,704
Other receivables, deposits and prepayments	11,993,183
Tax refundable	1,561,236
Deposits placed with licensed banks	3,270,851
Cash and bank balances	4,334,120
	31,217,935
TOTAL ASSETS	36,161,605
EQUITY AND LIABILITIES	
EQUITY ATTRIBUTABLE TO COMMON CONTROLLING SHAREHOLDERS OF THE COMBINING ENTITIES	
Share capital	1,000,000
Retained profits	14,670,145
TOTAL EQUITY	15,670,145
NON-CURRENT LIABILITIES	
Borrowings	5,436,038
Deferred tax liabilities	123,000
	5,559,038
CURRENT LIABILITIES	
Trade payables	381,513
Other payables and accruals	9,186,399
Borrowings	4,355,211
Tax payable	1,009,299
	14,932,422
TOTAL LIABILITIES	20,491,460
TOTAL EQUITY AND LIABILITIES	36,161,605

MANFORCE GROUP BERHAD (Company No.: 1228620-V)
(Incorporated in Malaysia)

UNAUDITED COMBINED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Unaudited (6 Months) 31.03.2018 RM
Revenue	38,940,685
Cost of sales	(32,580,904)
Gross profit	6,359,781
Other operating income	806,790
Administrative expenses	(3,721,809)
Other operating expenses	(32,944)
Profit from operations	3,411,818
Finance income	8,277
Finance costs	(560,903)
Profit before tax	2,859,192
Tax expense	(788,306)
Total comprehensive income, attributable to common controlling shareholders of the combining entities	2,070,886

MANFORCE GROUP BERHAD (Company No.: 1228620-V)
(Incorporated in Malaysia)

UNAUDITED COMBINED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Share capital RM	Retained profits RM	Total equity RM
Balance as at 1 October 2016	1,025,000	7,827,187	8,852,187
Adjustment pursuant to restructuring exercise	(25,000)	-	(25,000)
Net profit for the financial year/ Total comprehensive income for the financial year	-	4,772,072	4,772,072
Balance as at 30 September 2017/ 1 October 2017	1,000,000	12,599,259	13,599,259
Net profit for the financial period/ Total comprehensive income for the financial period	-	2,070,886	2,070,886
Balance as at 31 March 2018	1,000,000	14,670,145	15,670,145

MANFORCE GROUP BERHAD (Company No.: 1228620-V)
(Incorporated in Malaysia)

UNAUDITED COMBINED INTERIM STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Unaudited 31.03.2018 (6 Months) RM
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before tax	2,859,192
Adjustments for :-	
Allowance for impairment losses	
- trade receivables	32,944
Depreciation of property, plant and equipment	227,601
Finance costs	
- bank overdrafts	313,731
- hire purchase	15,636
- term loan	231,536
Finance income	
- deposits placed with licensed financial institutions	(18,311)
- other interest incmoe	(3,553)
- unwinding of discount of financial asets	(7,677)
Reversal of impairment loss	
- trade receivables	
- other receivables	(8,531)
Fair value gain on other investment	(6,703)
Operating profit before working capital changes	3,635,865
Changes in working capital:	
Trade and other receivables	(675,438)
Trade and other payables	(347,462)
Amount owing by Directors	(220,056)
Cash generated from operations	2,392,909
Interest received	3,553
Interest paid	(313,731)
Tax paid	(1,495,395)
NET CASH GENERATED FROM OPERATING ACTIVITIES	587,336

MANFORCE GROUP BERHAD (Company No.: 1228620-V)
(Incorporated in Malaysia)

UNAUDITED COMBINED INTERIM STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018 (CONTINUED)

	Unaudited 31.03.2018 (6 Months) RM
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(74,585)
Placement of fixed deposits pledged to banks	(300,000)
Interest received	18,311
NET CASH USED IN INVESTING ACTIVITIES	(356,274)
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of term loans	(666,530)
Repayment of hire purchases	(116,997)
NET CASH USED IN FINANCING ACTIVITIES	(783,527)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(552,465)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	2,751,524
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	2,199,059

MANFORCE GROUP BERHAD (Company No.: 1228620-V)
(Incorporated in Malaysia)

Part A – Explanatory notes pursuant to MFRS 134

1. Basis of preparation

This report comprise solely the unaudited combined interim financial statements of Manforce Resources (M) Sdn. Bhd. and its subsidiaries ("Manforce Group" or "the Group") for the financial period ended ("FPE") 31 March 2018. The unaudited financial statements of Manforce Group Berhad has not been presented in this report because it was only incorporated on 26 April 2017 to facilitate the Proposed Listing, and remains dormant. The assets, liabilities, income and expenses of Manforce Group Berhad for the financial period ended 31 March 2018 are insignificant relative to those of the Group.

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

The unaudited combined interim financial statements of the Group for the relevant period was prepared in a manner similar to the "pooling-of-interest" method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative years covered by the relevant years or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant years.

The unaudited combined interim financial statements of Manforce Group have been prepared as if Manforce Group has operated as a single economic entity throughout FPE 31 March 2018 and have been prepared from the books and records maintained by each entity.

The unaudited combined interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting.

The unaudited combined interim financial statements are presented in RM, which is also the functional currency of combining entities.

2. Significant accounting policies

The accounting policies applied by the Group in preparing the unaudited interim financial statement are consistent with those of the audited financial statement of the Group for the financial year ended 30 September 2017.

The Group has adopted the MFRSs, amendments and interpretations effective for annual period beginning on or after 1 January 2017 where applicable to the Group. The initial adoption of these applicable MFRSs, amendments and interpretations do not have any material impact on the financial statement of the Group.

3. Seasonal or cyclical factors

The Group's operations were generally not affected by any seasonal or cyclical factors.

4. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity or cash flows during the FPE 31 March 2018.

5. Material changes in accounting estimates

There were no material changes in accounting estimates.

6. Changes in the composition of the Group

There were no changes in the composition of the Group.

7. Dividend

No dividend has been proposed or paid in the current FPE under review.

8. Segment information

The details of the segment information have been disclosed in Part I, Section 6.4.2 to the Information Memorandum.

9. Related parties transactions

There was no related parties transaction occur during the financial period except for director remuneration disclosed in Note 10 of this report.

10. Profit before tax

	Unaudited (6 Months) 31.03.2018 RM
Depreciation of property, plant and equipment	227,601
Directors' remuneration	438,478
Impairment losses	32,944
Interest expenses:	
- bank overdrafts	313,731
- hire purchases	15,636
- term loans	231,536
Rental expense	15,064
Staff costs	2,390,426
Finance income:	
- deposit placed with licensed financial instituitions	18,311
- other interest income	3,553
- unwinding of discount of financial asset	8,277
Reversal of impairment loss	4,781
Rental income	130,971

MANFORCE GROUP BERHAD (Company No.: 1228620-V)
(Incorporated in Malaysia)

Part B – Explanatory notes pursuant to Leap Market Listing Requirements

11. Review of performance

The details of the review of performance have been disclosed in Part I, Section 6.4.to the Information Memorandum.

12. Commentaries on profit before tax for the current period as compared with the preceding year

The details of the commentaries on profit before tax have been disclosed in Part I, Section 6.4.to the Information Memorandum.

13. Tax expense

	Unaudited (6 Months) 31.03.2018 RM
Tax expense for the financial period	788,306

14. Group borrowings and debt securities

	Unaudited 31.03.2018 RM
Non-current liabilities	
- Hire purchase liabilities	392,328
- Term loans	5,043,710
	5,436,038
Current liabilities	
- Hire purchase liabilities	179,725
- Term loans	969,574
- Bank overdrafts	3,205,912
	4,355,211
	9,791,249

The Group did not have any debt securities as at 31 March 2018.

15. Prospects and factors likely to influence the Group's prospects

The continuous demand for foreign workers stems mainly from expected growth in the construction sector, the sustained growth in the services and manufacturing sectors and an increasingly educated local workforce.

Details of the Group's future plans and prospects are set out in Part I, Section 2.16 to the Information Memorandum.

PART V

IMR REPORT PREPARED BY PROTÉGÉ ASSOCIATES

PART V: IMR REPORT PREPARED BY PROTÉGÉ ASSOCIATES

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Protégé ASSOCIATES
BRAND | FINANCE | MARKET

The Board of Directors
Manforce Group Berhad
No. 4-1, Kompleks Niaga Melaka Perdana
Jalan KNMP 3
Bukit Katil
75450 Melaka

Date: 21 September 2018

Dear Sirs/Madams,

Strategic Analysis of the Labour Market in Malaysia Focusing on the Foreign Workers Management Services Market

This 'Strategic Analysis of the Labour Market in Malaysia Focusing on the Foreign Workers Management Services Market' is prepared by Protégé Associates Sdn. Bhd. ("Protégé Associates") for inclusion in the Information Memorandum of Manforce Group Berhad ("Manforce" or "the Company") in relation to the proposed listing of and quotation for the entire issued share capital of Manforce on the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.

Mr. Seow Cheow Seng is the Managing Director of Protégé Associates. He has 18 years of experience in market research starting his career at Frost & Sullivan where he spent 7 years. He has been involved in a multitude of industries covering Automotive, Electronics, Healthcare, Energy, IT, Oil and Gas, etcs. He has also provided his market research expertise to government agencies such as Malaysia Digital Economy Corporation Sdn Bhd ("MDec"), Malaysia Debt Ventures Berhad ("MDV") and Malaysia Technology Development Corporation Sdn Bhd ("MTDC").

We have prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Thank you.

Yours sincerely,

SEOW CHEOW SENG
Managing Director

1 MALAYSIA ECONOMIC OVERVIEW

The Malaysian economy registered a 5.9% growth in its real gross domestic product ("GDP") in 2017 - a faster pace that the 4.2% growth recorded in 2016. The growth of the Malaysian economy was supported by the continued expansion in domestic demand. The economy was also boosted by a better external trade performance as exports were spurred by robust demand for manufactured products.

The Malaysian economy is forecast to expand by 5.0%. The growth in the economy is expected to be anchored again by domestic demand. Private consumption is anticipated to remain supported by wage growth under a stable labour market, coupled with a low interest rate environment to spur spending.

2 THE LABOUR MARKET IN MALAYSIA

2.1 OVERVIEW OF THE LABOUR MARKET IN MALAYSIA

In 2017, the labour force in Malaysia was 15.0 million persons, representing an increase of 2.1% from 14.7 million persons in 2016. The rise was contributed by the increase of 418,000 employed persons, although there was an additional 3,000 unemployed persons during 2016 as well.

Figure 1: Labour Force and Employed Persons, 2014- 2017

	2014	2015	2016	2017
Working age population ('000 persons) (1)	21,085	21,388	21,655	22,005
Labour force ('000 persons) (2)	14,264	14,518	14,668	14,953
Employment ('000 persons)	13,853	14,068	14,163	14,450
Unemployment ('000 persons)	411	450	505	503
Unemployment rate (% of labour force)	2.9	3.1	3.4	3.4

Notes:

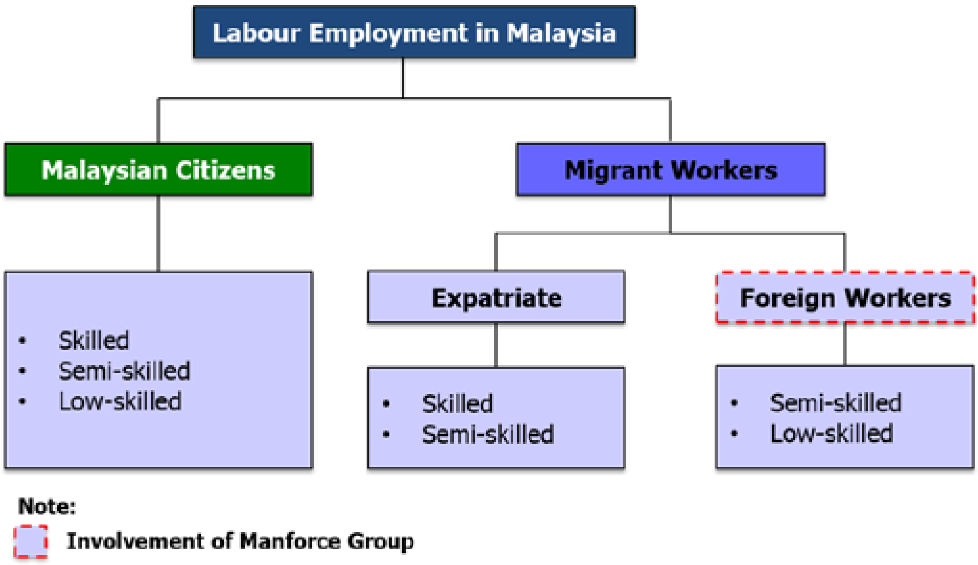
(1) Household member aged between 15 to 64 years who is either in the labour force or outside the labour force; and

(2) Population in the working age who are either employed or unemployed.

Sources: Bank Negara Malaysia ("BNM") and Ministry of Human Resources Malaysia ("MoHR")

The labour force participation rate in 2017 was 68.0%, registered a growth of 0.4% compared to 67.6% in 2016. The unemployment rate remained stable in 2017. Typically, a country with an unemployment rate of below 4.0% is considered to have full employment. Thus, Malaysia's economy is still operating in full employment and its labour participation rate is healthy. Workers employed in Malaysia consist of both Malaysian citizens and migrant workers.

Figure 2: Categories of Employed Persons in Malaysia



Source: Protégé Associates

For migrant workers, there are 2 main categories, expatriates and foreign workers. Expatriates are generally employed as skilled workers, while foreign workers are engaged in semi-skilled and low-skilled occupations.

Figure 3: Classification of Occupations by Skill Level

Skill Level	Occupation
Skilled	Managers, professionals, technicians and associate professionals
Semi-skilled	Clerical support workers, service and sales workers, skilled agricultural, forestry, livestock and fishery workers, craft and related trade workers, plant and machine-operators and assemblers
Low-skilled	Elementary occupations such as cleaners, labourers in the agriculture, forestry, livestock and fishery industries, and food preparation assistants

Sources: Malaysia Standard Classification of Occupations 2008

In 2017, Malaysian citizens accounted for 12.2 million or 84.5% of total employed persons, whilst migrant workers accounted for 2.2 million or 15.5% of total employed persons in the country.

Figure 4: Employed Persons by Skill, 2015-2017

	2015			2016			2017		
	('000 persons)			('000 persons)			('000 persons)		
	Malaysian	Migrant Workers	Total	Malaysian	Migrant Workers	Total	Malaysian	Migrant Workers	Total
Skilled	3,492	103	**3,595**	3,779	93	**3,872**	3,846	120	**3,966**
Semi-skilled	7,510	1,025	**8,535**	7,282	1,169	**8,451**	7,432	1,098	**8,530**
Low-skilled	957	981	**1,938**	897	944	**1,841**	937	1,017	**1,954**
Total	**11,959**	**2,109**	**14,068**	**11,958**	**2,206**	**14,164**	**12,215**	**2,235**	**14,450**

Sources: DoSM, MoHR and Protégé Associates

In 2017, the services sector employed the highest number of workers at 62.0%, followed by the manufacturing sector at 17.4% and the agriculture sector at 11.3%.

Figure 5: Employed Persons by Sector, 2015-2017

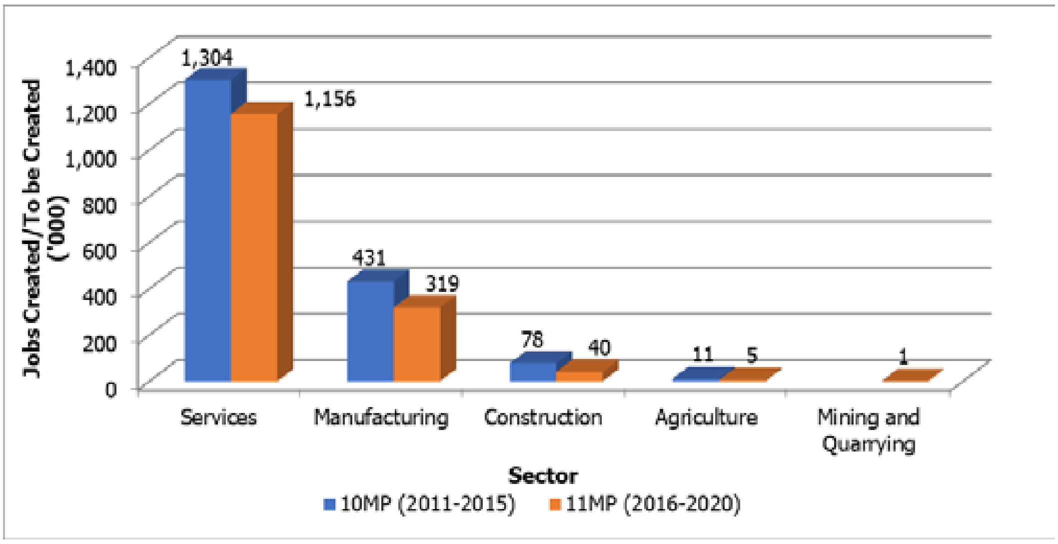
Sector	2015	2016	2017
	('000 persons)		
Services	8,581	8,809	8,956
Manufacturing	2,321	2,394	2,509
Construction	1,309	1,246	1,256
Agriculture	1,759	1,615	1,632
Mining and Quarrying	98	99	97
Total	**14,068**	**14,163**	**14,450**

Sources: DoSM and MoHR

Job Creation by Sectors

During the Tenth Malaysia Plan ("10MP") period from 2011 to 2015, 1.8 million jobs were created. 71.5% of the new jobs were from the services sector and 23.6% of the new jobs were from the manufacturing sector. In comparison, 1.5 million jobs are expected to be created during the Eleventh Malaysia Plan ("11MP") period from 2016 to 2020. The services and manufacturing sector are expected to continue to create the majority of these new jobs.

Figure 6: Job Creation by Sectors, 10MP and 11MP Period



Sources: Economic Planning Unit, Malaysia and DoSM

2.2 FOREIGN WORKERS IN MALAYSIA

Foreign workers are a part of Malaysia's labour force. In 2017, there were 1.8 million registered foreign workers in Malaysia, which accounted for 12.0% of the labour force in Malaysia.

Figure 7: Registered Foreign Workers in Malaysia, 2014-2017

Year	Registered Foreign Workers ('000 persons)	Labour Force ('000 persons)	Share of Foreign Workers (% of labour force)
2014	2,073	14,264	14.5
2015	2,135	14,518	14.7
2016	1,866	14,668	12.7
2017	1,798	14,953	12.0

Sources: BNM and Ministry of Home Affairs, Malaysia ("MoHA")

Foreign workers can be employed in the services, manufacturing, construction, agriculture and domestic help sectors. For the services sector, they can be employed in 11 sub-sectors which are the restaurant, cleaning and sanitation, cargo handling, launderette, caddy in golf club, barber, wholesale/ retail, textile, metal/ scraps material recycling, welfare homes and hotel/ resort island. In 2017, the manufacturing sector employed the highest number of foreign workers at 35.9%, followed by the agriculture sector at 23.4% and the construction sector at 19.8%.

Figure 8: Registered Foreign Workers by Sector in Malaysia, 2015-2017

Sector	2015 ('000)	%	2016 ('000)	%	2017 ('000)	%
Domestic Help	149	7.0	134	7.2	128	7.1
Manufacturing	450	21.1	649	34.8	645	35.9
Construction	745	34.9	388	20.8	356	19.8
Services	293	13.7	253	13.5	247	13.8
Agriculture (including plantation)	498	23.3	442	23.7	421	23.4
Total	**2,135**	**100.0**	**1,866**	**100.0**	**1,797**	**100.0**

Source: MoHA

More than half of the foreign workers in Malaysia are engaged in low-skilled or elementary occupations. They perform single and routine tasks that require the use of handheld tools and considerable physical effort. They are employed in areas where there is poor local participation, such as in the manufacturing and construction sectors which the local workforce views as dangerous, dirty and difficult jobs ("3D jobs"). Furthermore, the local workforce demands higher wages and remunerations for the 3D jobs that they perform. Therefore, the manufacturing and construction sectors rely on foreign workers as a key source of labour.

The Malaysian Government outlined 2 strategies in 11MP to improve the management of foreign workers. The first strategy is to reduce the reliance of low-skilled foreign workers through capping the proportion of foreign workers at 15.0% of the labour force and increasing the foreign worker's levy payable by the employer over time. The second strategy is to streamline the recruitment of foreign workers by placing it under the One-stop Centre ("OSC"). The OSC will be responsible for determining the requirement of foreign workers by sector; verifying and approving applications for recruitment of foreign workers; monitoring and responding to all matters related to the welfare of foreign workers; and ensuring that foreign workers are employed in the approved sectors and companies.

In addition, the Malaysian Government encourages automation in labour-intensive activities and migration to knowledge-intensives activities. As labour-intensive industries attempt to remain competitive, such changes are expected. While a certain number of low-skilled workers are still required, more semi-skilled workers will be needed in future to handle more complex tasks resulting from industrial development that improves the production and supply value chain, providing opportunities for recruitment of semi-skilled foreign workers.

2.3 FOREIGN WORKERS MANAGEMENT SERVICES IN MALAYSIA

Historically, the recruitment and management of foreign workers in Malaysia are typically outsourced to private employment agencies and outsourcing companies. Private employment agencies are registered with the Ministry of Human Resources ("MoHR") to procure employment for a worker or to supply a worker to an employer. Outsourcing companies, on the other hand are registered with the MoHA under the outsourcing system for the period from 2005 to 2013 to recruit foreign workers.

In December 2013, the Malaysian Government decided to phase out the outsourcing system and only employers are allowed to apply for new intakes of foreign workers. Under the 11MP, the Government will introduce a strict liability concept whereby employers of foreign workers are fully responsible for the recruitment process and welfare of their foreign workers. Although there are no new intakes of foreign workers under the outsourcing system now, foreign workers that were previously recruited under the outsourcing system continue to be managed by these outsourcing companies.

Given that the current recruitment of foreign workers can only be carried out by the employer, there is now a shift in the services offered by outsourcing companies. Its previous role of providing recruitment of foreign workers has transformed into provision of foreign workers management services only. These services are offered to companies that require high degree of manual labour for their operations such as manufacturing and construction sectors. Additionally, some service providers have also ventured to offer manual labour services such cleaning and manufacturing services under its own recruitment quota.

The types of foreign workers management services generally offered are:

- Accommodation with basic necessities such as water and electricity
- Transportation to and between work place and accommodation
- Payroll services such as monthly salary calculation, allowance and disbursement
- Medical treatment and medical examination
- Work-related training
- Other services such as assisting in immigration related procedures, renewals and extensions of work permits and renewals of insurance

Some foreign workers management service providers that have prior recruitment experience provide consultation services to the employers and facilitate the recruitment process. They further recommend foreign recruitment agencies, allows the matching of required skill sets from potential employers in Malaysia with potential candidates (foreign workers). Employers and companies that utilise these foreign workers management services can benefit from the cost-savings and ease of operations, as compared to handling the same activities themselves.

3 STRATEGIC ANALYSIS OF THE FOREIGN WORKERS MANAGEMENT SERVICES MARKET IN MALAYSIA

3.1 THE FOREIGN WORKERS MANAGEMENT SERVICES MARKET IN MALAYSIA

3.1.1 Historical Market Performance and Growth Forecast

The growth in the foreign workers management services market is driven mainly by the demand and supply conditions for the foreign workers in various sectors in Malaysia and thus, is used as a proxy to assess the size of the foreign workers management services market.

The number of registered foreign workers in Malaysia amounted to 1.8 million in 2017. The forecast compound annual growth rate ("CAGR") of the foreign workers to Malaysia is 1.6%. The number of registered foreign workers is projected to reach 1.9 million in 2022.

Figure 9: Historical Performance and Growth Forecast for Foreign Workers Management Services Market, 2017-2022

Year	Market Size (Number of Foreign Workers) ('000 persons)	Growth Rate (%)
2017	1,797	-
2018	1,816	1.0
2019	1,843	1.5
2020	1,876	1.8
2021	1,914	2.0
2022	1,948	1.8

CAGR (2018-2022) (Base year of 2017): 1.6 %

Source: Protégé Associates

Moving forward, the local foreign workers management services market is expected to benefit from a sustained growth in the services and manufacturing sectors and the expected growth in the construction sector that require additional foreign workers. These demand conditions create opportunities for the foreign workers management services providers in Malaysia.

3.1.2 Competitive Analysis

There are about 900 foreign workers management service providers in Malaysia. Some of these companies were involved in multiple business activities other than the provision of foreign workers management services.

Comparable Market Players

Manforce Group was established primarily as a provider of foreign workers management services. For comparison purpose, Protégé Associates has selected the following market players that are comparable to Manforce Group based on the following criteria:

i. Incorporated in Malaysia

ii. Participated in the foreign workers management services market

iii. Registered a revenue above RM40 million based on the latest publicly available financial information

The selected market players are Right Pristine Manpro Sdn Bhd, GPGC Resources Sdn Bhd, Harum Megah Resources Sdn Bhd and Magnificent Emblem Sdn Bhd. The list of market players is not exhaustive, and each market player may have more than one business activity other than providing foreign workers management services.

Right Pristine Manpro Sdn Bhd ("Right Pristine")

Right Pristine was established as a private limited company under the Companies Act, 1965 on 26 June 2009. It is principally engaged in the business of manpower professional services. For the financial year ended 30 June 2017, Right Pristine recorded revenue of RM106.7 million and profit before tax of RM4.3 million.

GPGC Resources Sdn Bhd ("GPGC Resources")

GPGC Resources was established as a private limited company under the Companies Act, 1965 on 1 December 2005. It is principally involved in the provision of employment services. For the financial year ended 31 December 2017, GPGC Resources recorded revenue of RM43.2 million and profit before tax of RM0.3 million.

Harum Megah Resources Sdn Bhd ("Harum Megah")

Harum Megah was established as a private limited company under the Companies Act, 1965 on 18 November 2010. Its nature of business is manpower consultancy. For the financial year ended 31 October 2017, Harum Megah recorded revenue of RM104.5 million and profit before tax of RM5.9 million.

Magnificent Emblem Sdn Bhd ("Magnificent Emblem")

Magnificent Emblem was established as a private limited company under the Companies Act, 1965 on 12 September 2005. Magnificent Emblem is principally involved in provision of contract workers. . For the financial year ended 31 December 2017, Magnificent Emblem recorded revenue of RM95.2 million and profit before tax of RM6.2 million.

Market Share

The foreign workers management services market estimated in 2018 is represented by approximately 1.8 million registered foreign workers. As of 21 September 2018, Manforce Group managed and employed 3,410 workers, of which 1,646 foreign workers are managed under the foreign workers management services while the balance of 1,701 foreign workers are employed by the Group as part of its provision of manual labour services.

Therefore, the Group's market share in the foreign workers management services market is estimated at 0.1%. This market share is derived by dividing the number of foreign workers managed under the foreign workers management services over the estimated number of registered foreign workers for 2018 which was used a proxy for the foreign workers management services market size.

3.1.3 Demand Conditions

The following factors represent key trends, developments and events influencing market demand of the foreign workers management services in Malaysia.

Sustained Growth in the Services and Manufacturing Sectors

The services sector is projected to grow by 6.9% per annum during the 11MP period. The sector is expected to record broad-based growth across all sub-sectors. The wholesale and retail sub-sector will continue to be the main contributor, supported by resilient consumer spending. In addition, the accommodation and restaurant sub-sector is expected to further expand due to higher tourist arrivals and receipts. Additional foreign services workers are expected to support the need for these activities in the services sector, thus driving the demand for foreign workers management services.

The manufacturing sector is projected to grow by 5.1% per annum during the 11MP period given the resilient domestic consumption and strong expansion in the construction related sub-sector. Given improvements in external demand, the export-oriented sub-sectors such as the electrical and electronics, petroleum and chemicals, plastic products and non-metallic minerals sub-sectors are also expected to expand. As the manufacturing sector relies on foreign workers as key source of labour, the expansion in the sector will require additional foreign workers, which in turn drives the demand for foreign workers management services.

Expected Growth in the Construction Sector

In 2017, the construction sector grew by 6.7% from RM50.10 billion in 2016 to RM53.44 billion in 2017. Its growth was mainly supported by the expansion in the civil engineering sub-sector in relation to various ongoing major infrastructure projects outlined under the 11MP. The construction sector is forecast to expand by a CAGR of 7.1% from RM53.44 billion in 2017 to RM75.44 billion in 2022.

Much of the construction sector's growth prospects depend on the implementation of the various projects identified under the 11MP and Economic Transformation Programme, along with the continued execution of various public-private partnership projects. These infrastructure projects include the second line of the Klang Valley mass rapid transit ("MRT") project, namely the Sungai Buloh-Serdang-Putrajaya line ("MRT2"), the third line of the light rail transit ("LRT"), namely the Bandar Utama, Damansara-Johan Setia, Klang Line ("LRT3"), the Pan-Borneo Highway in Sabah and Sarawak and the Petronas' refinery and petrochemical integrated development in Pengerang, Johor.

The Government is also expected to continue the construction of more affordable housing which will help drive growth in the local construction industry. Additional foreign construction workers are expected to support the need for these construction activities, which is expected to drive the demand for foreign workers management services.

Increasingly Educated Local Workforce Creates Continuous Demand for Foreign Workers

In 2017, the percentage of employed persons with tertiary and secondary education was 84.2% as compared to 82.7% in 2016. The emphasis on education has led to the up-skilling among the local workforce. The share of skilled workers such as managers, professionals, technicians and associate professionals out of the total employed workers in Malaysia amounted 27.2% in 2017 as compared to 27.3% in 2016.

The increasingly educated local workforce creates a need to continue recruiting foreign workers as the better educated local workforce mostly shun the 3D jobs that involve manual work, long working hours and command lower wages. This has resulted in labour shortages in these labour-intensive sectors. In order to fill the labour shortage, foreign workers are recruited instead, thus creating continuous demand for foreign workers and the foreign workers management services in Malaysia.

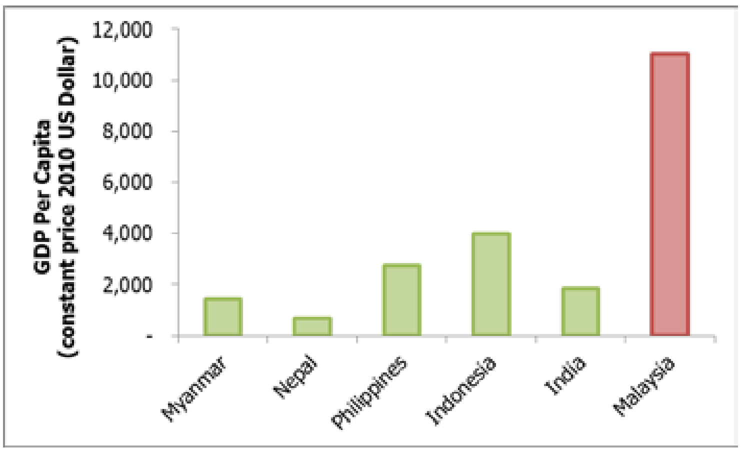
3.1.4 Supply Conditions

The following factor represents key trends, developments and events influencing market supply of the foreign workers management services in Malaysia.

Income Disparities between the Source Countries and Malaysia Attracts Foreign Workers to Malaysia

Foreign workers from less developed countries are attracted to work in Malaysia due to better job prospects in terms of work opportunities, better wages, a stronger currency and a relatively more conducive living environment. The following illustrates the 2016 GDP per capita of selected source countries compared to Malaysia which puts the latter in a stronger position to attract foreign workers.

Figure 10: GDP per Capita for Selected Source Countries on Constant Price (US Dollar), 2016



Source: World Bank

Foreign workers in Malaysia can also freely perform outward remittances to their respective home countries anytime and without restrictions. In addition to economic growth, Malaysia has experienced political stability since its independence, which makes it an attractive workplace for foreign workers. The foreign workers management services market is anticipated to benefit from expected influx of foreign workers to Malaysia.

3.1.5 Government Regulations and Policies

The foreign workers management services market is not governed by any specific laws and regulations. However, the labour market in Malaysia (also covers the foreign worker) is under the purview of the MoHR and governed by the Employment Act 1955 (West Malaysia only). This act provides minimum terms and conditions such as contract of service, payment of wages, employment of women, maternity protection, working hours, annual leave and other benefits to employees whose wages are less than RM2,000 per month and employees employed in manual work including artisans, apprentices, transport operators, supervisors or overseers of manual workers, persons employed on vessels and even domestic servants. These workers are classified as employees even if their wages are more than RM2,000 per month.

The recruitment of foreign workers in Malaysia is regulated by the MoHA through the following policy instruments:

- Approved source countries

  The approved source countries for foreign workers in the construction, plantation, agriculture, services and manufacturing sectors are Thailand, Cambodia, Nepal, Myanmar Laos, Vietnam, Philippines, Pakistan, Sri Lanka, Turkmenistan, Uzbekistan and Kazakhstan.

- Recruitment quota based on the ratio of local workers to foreign workers

  Recruitment quota or the number of foreign workers approved for recruitment are set based on a pre-determined ratio of existing number of local workers against the foreign workers to be hired.

- Security bonds and levies

  All employers are required to deposit a security bond for the employment of foreign workers with the Malaysian Department of Immigration. The security bond payable per foreign worker depends on the nationality of the foreign worker.

  The employment of foreign workers is also subject to the payment of levies. The levy payable per foreign worker depends on the quota for the foreign worker's sector.

  The levy rates for Peninsular Malaysia, Sabah and Sarawak are as follows:

	Sectors	Levy rates (RM)
Peninsular Malaysia	Manufacturing	1,850
	Services	1,850
	Construction	1,850
	Plantation	640
	Agriculture	640

	Sectors	Levy rates (RM)
	Domestic help	410
Sabah and Sarawak	Manufacturing	1,010
	Services	1,490
	Construction	1,010
	Plantation	590
	Agriculture	410
	Domestic help	410

Source: MoHA

- Medical insurance

  Employers are required to purchase and maintain medical insurance for each foreign worker.

- Medical Examinations

  All employers are required to send their foreign workers for a medical examination to a Foreign Workers' Medical Examination (FOMEMA)-registered medical centre within 30 days of their arrival in Malaysia, before their work permits are issued.

The entry into and departure of foreign workers from Malaysia are regulated by the following acts:

- Immigration Act 1959/63

  This Act covers various aspects of immigration in Malaysia such as the admission into and departure from Malaysia, the entry permits, procedures on arrival in Malaysia, removal from Malaysia, and special provision for East Malaysia.

- Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007

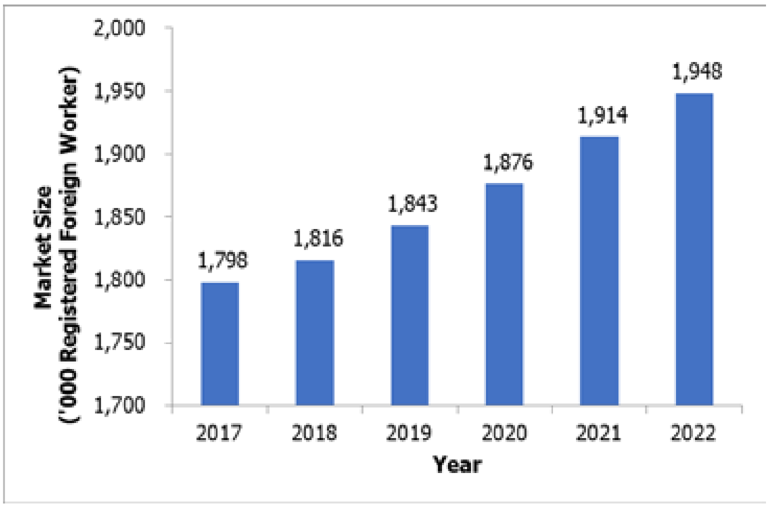
  This Act provides for the provision on prevention and combat of trafficking in persons and smuggling of migrants.

Although the Malaysian Government is proactive in creating the recruitment quota and price restrictions to ensure a balanced number of foreign workers are available while preventing uncontrolled intake, Malaysia does face its own issues with illegal foreign workers. These foreign workers either entered Malaysia illegally or, had previously entered the country legally but failed to renew their work permits. The Malaysian Government has in the past, embarked on various programmes such as 6P amnesty program, issuance of Immigration Department's Enforcement Card as a temporary confirmation of employment as well as rehiring programme to legalise these illegal foreign workers. The rehiring programme for illegal workers has ended on 30 June 2018.

3.1.6 Outlook and Future Prospects of the Foreign Workers Management Services Market in Malaysia

Moving forward, the foreign workers management services market is expected to register a steady growth throughout the forecast period. The growth in construction, services and manufacturing sectors in Malaysia is likely to drive continuous demand for foreign workers. The following figure illustrates the market size and forecast for the number of registered foreign workers in Malaysia from 2017 to 2022.

Figure 11: Market Size and Forecast for the Foreign Workers Management Services Market in Malaysia



Source: Protégé Associates

The continuous demand for foreign workers stems mainly from expected growth in the construction sector, the sustained growth in the services and manufacturing sectors and an increasingly educated local workforce. On the supply side, the income disparities between the source countries and Malaysia are expected to attract foreign workers to Malaysia. These factors are expected to have a positive impact on the foreign workers management services market. The number of registered foreign workers is estimated to growth at a CAGR of 1.6% from 1.8 million in 2017 to reach approximately 1.9 million in 2022. The projected influx of foreign workers to Malaysia is anticipated to positively impact the foreign workers management services market.

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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 belief, there are no false or misleading statements or other facts which if omitted, would make any statement in this Information Memorandum false or misleading.

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

2. SHARE CAPITAL

(a) As at the date of this Information Memorandum, we have one (1) class of ordinary shares, all of which rank *pari passu* with one another;

(b) Other than the Proposed Placement as disclosed in Section 1, Part II of the Information Memorandum, we will not issue or allot any new Shares on the basis of this Information Memorandum; and

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

3. MATERIAL LITIGATIONS AND CONTINGENT LIABILITIES

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

Save as disclosed in Section 5.2, Part I of this Information Memorandum, as at LPD, our Directors confirm that there are no contingent liabilities incurred by us or our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries.

4. MATERIAL CAPITAL COMMITMENTS

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

5. MATERIAL CONTRACTS

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

(a) Share Sale Agreement dated 15 August 2017 entered into between MRSB and Nima Tamang, Rinji Rai and Amir Bastola for the acquisition of 25.0% equity in M.R.H. for the total cash consideration of RM100,000. The said Share Sale Agreement was completed on 11 October 2017;

(b) Shareholders' agreement dated 15 August 2017 entered into between MRSB and Nima Tamang, Rinji Rai and Amir Bastola to govern the relationship and regulate their rights as shareholders of M.R.H.;

(c) Settlement agreement dated 20 December 2017 entered into between MRSB and Manforce Nexis Sdn Bhd for settlement of advances totalled to RM2,086,143 provided to Manforce Nexis Sdn Bhd to finance the purchase of a property in Kota Damansara, Selangor; and

(d) Sale and purchase agreement dated 10 July 2018 entered into between MGB and the Vendors for the acquisition by MGB of the entire share capital of MRSB comprising 1,000,000 ordinary shares for a purchase consideration of RM13,599,259 to be satisfied via the issuance of 271,985,180 new MGB Shares at an issue price of RM0.05 to the Vendors, credited as fully paid-up. The Acquisition of MRSB was completed on 13 August 2018.

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6. INTERESTS OUTSIDE OUR GROUP

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

(a) Tengku Faizwa Binti Tengku Razif

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held Direct	% of shareholdings held Indirect
Clover Consulting Sdn Bhd	Information communication technology, system security, research and development on information communication technology	Executive Director	7 June 2016	-	45.0	-
Coffee & Paste Sdn Bhd	Food and beverage services	Executive Director	15 June 2016	-	50.0	-
The Sakamoto Method Sdn Bhd	Dormant, previously was involved in provision of Mathematics lessons for children	Executive Director	11 April 2007	-	-	-
Ideaspark Sdn Bhd	Management, consultancy and training and other related services such as general traders, importers, exporters, wholesalers, retailers and merchants, investment land, houses, buildings, plantation and property of any tenure	Executive Director	19 January 2010	-	50.0	-

PART VI: ADDITIONAL INFORMATION *(cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held Direct	Indirect
Real Works Consulting Sdn Bhd	Organisation, promotion and management of outdoor and indoor events	Executive Director	31 October 2014	-	-	-
Adamas Weddings Sdn Bhd	Wedding and event planner and conducting wedding planning courses	Executive Director	14 August 2012	-	10.0	-
Ready Business Network Sdn Bhd	Dormant, previously was involved in provision of tuition for children	Executive Director	30 April 2010	-	33.0	-
The Switch International Sdn Bhd	Dormant, previously was involved in the training and consultation on personal development and human resource	Executive Director	30 March 2010	-	70.0	-
MCB International Sdn Bhd	General trading, event management, marketing and branding advisory services	Executive Director	7 June 2017	-	20.0	-
QVC Vision Sdn Bhd	Wholesale of food and beverages	Executive Director	25 October 2016	-	-	-
Forward Force Sdn Bhd	Dormant, previously was involved in human resource consultancy services and private security activities	-	-	-	25.0	-
Scanda Management PLT	Business management consultancy services	Partner	-	-	-	-

PART VI: ADDITIONAL INFORMATION *(cont'd)*

Past involvement

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held Direct	% of shareholdings held Indirect
LBSF Energy Solution Sdn Bhd	Rendering of freight and forwarding services	Executive Director	26 November 2007	25 February 2016	-	-

(b) Dato Wong

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held Direct	% of shareholdings held Indirect
TWM Group Development Sdn Bhd	Property investment holding	Non-Executive Director	18 June 2015	-	40.0	-
Manforce Resources Holdings Sdn Bhd	Investment holding	Executive Director(vi)	21 February 2005	-	90.0	(ii)10.0
CT World Incentive Sdn Bhd	Accounting and business support services	Shareholder	22 January 2013	26 December 2017	40.0	-
Manforce Resources (MM2H) Sdn Bhd	Provide services in relation to the application of "Malaysia My Second Home" programme by the Malaysian Government	Executive Director(vi)	28 January 2008	7 August 2018(iii)	-	(iii)100.0
Dataran Ringgit Sdn Bhd	Property investment holding	Non-Executive Director	1 December 2012	-	50.0	-
Upicon World Development Sdn Bhd	Property development	Non-Executive Director	13 November 2015	-	-	-

PART VI: ADDITIONAL INFORMATION *(cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Manforce Nexis Sdn Bhd	Property investment holding	Non-Executive Director	17 August 2012	-	-	-
K S Integrated Waste Management Sdn Bhd[(i)]	Waste management and recycling services	Preference shareholder[(i)]	-	-	-	-
U Adaman Capital Sdn Bhd	Investment holding	Non-Executive Director	25 January 2017	-	40.0	-
Manforce (Japan) Ltd	Dormant since May 2016	Non-Executive Director	1 November 2017	-	-	[(iv)]55.0
Serumpun Mayang Sdn Bhd	Dormant since January 2006	Non-Executive Director	20 December 2005	13 May 2016	30.0	-

Notes:

(i) Dato Wong currently holds 1,000,000 cumulative redeemable preference shares in K S Integrated Waste Management Sdn Bhd
(ii) Deemed interested via Datin Lim pursuant to Section 8 of the Act
(iii) Deemed interested via Wong Chen Yong, who holds 100.0% equity interest in Manforce Resources (MM2H) Sdn Bhd
(iv) Deemed interested via his shareholdings held in Manforce Resources Holdings Sdn Bhd, which holds the 55.0% equity interest in Manforce (Japan) Ltd. The other shareholders of Manforce (Japan) Ltd are Yi Chih Ming, Hwang Gwo Hwang and Chen Chia Ching
(v) Further information on Manforce Resources Holdings Sdn Bhd and Manforce Resources (MM2H) Sdn Bhd are as follows:-

(a) Manforce Resources Holdings Sdn Bhd is principally the investment holding company of Manforce (Japan) Ltd; and
(b) Manforce Resources (MM2H) Sdn Bhd is involved in the promotional activities of the "Malaysia My Second Home" program initiated by the Malaysian Government. The company has not recorded any revenue for the past two (2) FYE 30 September 2016 and FYE 30 September 2017 and up to the LPD.

Although Dato Wong is a cheque signatory to both companies, the time involvement of Dato Wong in Manforce Resources Holdings Sdn Bhd and Manforce Resources (MM2H) Sdn Bhd are not significant as the day to day administration of these companies are handled by their respective employees or outsourced. Dato Wong's involvements in these companies would not result in any conflict of interest situation to his involvement in Manforce Group's operations.

PART VI: ADDITIONAL INFORMATION *(cont'd)*

Dato Wong has subsequently resigned as its Executive Director on 7 August 2018 and disposed his entire shareholdings held in Manforce Resources (MM2H) Sdn Bhd, comprising 80,000 ordinary shares representing 80.0% equity interest held, to his son Wong Chen Yong on 1 August 2018 for the disposal consideration of RM80,000.

Past involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held Direct	% of shareholdings held Indirect
Mayang Merpati Sdn Bhd	Dormant since October 2017	Non-Executive Director	14 July 2016	22 June 2018	45.0	-
MNC Hardware Trading Sdn Bhd	Trading in hardware goods	Non-Executive Director	9 December 2004	4 April 2017	-	-
Globmega Bumi Sdn Bhd	Human resources and manpower services	Non-Executive Director	1 December 2016	24 May 2017	-	-
Integrity Management Networks Sdn Bhd	Dormant since April 2018	Non-Executive Director	2 March 2016	23 April 2018	-	-
Supergenz Bio-Tech Research & Development Sdn Bhd(i)	Research and development in the business of oil palm	-	19 May 2009	13 March 2010	34.0	-
Dream Holidays Sdn Bhd(ii)	Food and beverage services	Non-Executive Director	-	-	50.0	-
Restoran Mohiuddin Sdn Bhd(iii)	Restaurant business	Non-Executive Director	16 November 2007	-	-	-
Manpower Locations Strategies Sdn Bhd	Provision of human resource solutions, cleaning and general services as well as organizing of seminars and talks	Non-Executive Director	3 September 2001	24 May 2017	(iv)40.0	-
Methane Consultancy Sdn Bhd	Provision of management services of the rehiring of foreign workers	-	-	-	-	(v)55.0

Notes:

(i) Supergenz Bio-Tech Research & Development Sdn Bhd has filed the notice of intention to strike-off on 17 March 2017
(ii) Dream Holidays Sdn Bhd has filed the notice of intention to strike-off on 8 December 2017
(iii) Restoran Mohiuddin Sdn Bhd has filed the notice of intention to strike-off on 25 October 2017
(iv) Ceased to be the shareholder and Director of Manpower Locations Strategies Sdn Bhd effective 24 May 2017
(v) Deemed interested by virtue of his interest in MRSB. Methane Consultancy Sdn Bhd was previously a 55% subsidiary of MRSB until January 2017. Methane Consultancy Sdn Bhd is presently is in the final stages of processing of the rehiring of foreign workers initiated by the Malaysian Government.

(c) Datin Lim Gun Kiau

Company	Principal activities	Position held	Date of appointment	% of shareholdings held Direct	Indirect
Manforce Resources Holdings Sdn Bhd	Investment holding	Non-Executive Director	25 July 2007	10.0	(i)90.0

Note:

(i) Deemed interested via Dato Wong pursuant to Section 8 of the Act.

(d) Wong Chen An

Present involvements

Company	Principal activities	Position held	Date of appointment	% of shareholdings held Direct	Indirect
Global View Capital Sdn Bhd	Investment advisory services	Non-Executive Director	1 December 2016	20.0	-
I-Alert Technologies Sdn Bhd	Provision of trading in security and notification system and the sales and rental of security system equipment	Non-Executive Director	2 August 2016	28.0	-

PART VI: ADDITIONAL INFORMATION *(cont'd)*

Company	Principal activities	Position held	Date of appointment	% of shareholdings held	
				Direct	Indirect
Twenty Three Window Café	Food and beverage outlet	Partnership	-	-	-

Past involvement

Company	Principal activities	Position held	Date of appointment	% of shareholdings held	
				Direct	Indirect
Glycine Max Sdn Bhd	Winding up, previously was involved in food and beverages outlets, franchising business and investment holding	-	-	5.3	-

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7. DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

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

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

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

(d) Protégé Associates has given its written confirmation that, as at the date of this Information Memorandum, there is no existing or potential conflict of interest in its capacity as the IMR for our Proposed Listing.

8. 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.

9. CONSENTS

The written consents of the Approved Adviser, Placement Agent, Continuing Adviser, Company Secretary, Independent Market Researcher, Auditors, Solicitors 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.

10. THIRD PARTY INFORMATION

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

11. COMMUNICATIONS WITH SHAREHOLDERS

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

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

12. PRINTED COPIES OF THIS INFORMATION MEMORANDUM

Copies of this Information Memorandum are available free of charge for inspection during normal business hours on any weekday (except Saturdays, Sundays and public holidays) 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;

(b) MGB's principal office at 13-02, Jalan PJU 5/20E, Pusat Perdagangan Kota Damansara, 47810 Petaling Jaya, Selangor; and

(c) MGB's registered office at 4-1, Kompleks Niaga Melaka Perdana, Jalan KNMP 3, Bukit Katil, 75450 Melaka,

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

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