MATRIX PARKING SOLUTION HOLDINGS BERHAD (Company No. 1283160-X) | (Incorporated in Malaysia under the Companies Act, 2016)

INFORMATION MEMORANDUM

Matrix Parking

# MATRIX PARKING SOLUTION HOLDINGS BERHAD

(Company No.: 1283160-X) | (Incorporated in Malaysia)

**PROPOSED PLACEMENT OF 20,000,000 ORDINARY SHARES IN MATRIX PARKING SOLUTION HOLDINGS BERHAD AT AN INDICATIVE PRICE OF RM0.13 PER SHARE IN CONJUNCTION WITH OUR PROPOSED LISTING ON THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD**

Approved Adviser, Continuing Adviser And Placement Agent

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

# INFORMATION MEMORANDUM

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

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

**INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA") FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THE INFORMATION MEMORANDUM THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THE INFORMATION MEMORANDUM OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO THE CORPORATION.**

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

**This Information Memorandum is dated 24 December 2018**

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

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

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

This Information Memorandum has been drawn up in accordance with the LEAP Listing Requirements for the Proposed Listing and the Proposed Placement. This Information Memorandum is not a prospectus and has not been registered nor will it be registered as a prospectus under the CMSA. The Proposed Placement constitutes an excluded offer and excluded issue within the meaning 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 take no responsibility for the contents of this Information Memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Information Memorandum. The Securities Commission Malaysia and Bursa Securities also do not make any assessment on the suitability, viability or prospects of our Group. Sophisticated Investors are expected to make their own assessment on our Group or seek appropriate advice before making their investment decisions. The Approved Adviser has assessed the suitability of our Company for admission to the LEAP Market as per the LEAP Listing Requirements.

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

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

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

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of our Shares is not and should not be construed as a recommendation by us and/or the Approved Adviser to subscribe for or purchase our Shares. This Information Memorandum is not a substitute for and should not be regarded as an independent evaluation and analysis and does not purport to be all inclusive. Each Sophisticated Investor should perform and is deemed to have made its own independent investigation and analysis of our Company and all other relevant matters.

## EXPECTED TIMETABLE FOR THE PROPOSED PLACEMENT AND PROPOSED LISTING

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

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

| **Events** | **Tentative Dates** |
|---|---|
| Date of Information Memorandum* | 24 December 2018 |
| Expected approval from Bursa Securities | End-January 2019 |
| Price-fixing date for Placement Price | Early February 2019 |
| Allotment of Placement Shares | Early February 2018 |
| Listing of our Company on the LEAP Market | Mid-February 2018 |

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

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

## PLACEMENT STATISTICS

| | |
|---|---|
| Method of offering | Private placement |
| Indicative Placement Price per Share | RM0.13 |
| Number of existing Shares | 180,001,000 |
| Number of Placement Shares being issued pursuant to the Proposed Placement | 20,000,000 |
| Number of Shares in issue on Proposed Listing | 200,001,000 |
| Percentage of enlarged share capital represented by the Placement Shares | 10.0% |
| Indicative gross proceeds of the Proposed Placement | RM2.6 million |
| Estimated net proceeds of the Proposed Placement receivable by the Company | RM1.9 million |
| Market capitalisation of the Company at the Indicative Placement Price upon Proposed Listing | RM26.0 million |

(The rest of this page has been intentionally left blank)

**IMPORTANT INFORMATION**

All defined terms used in this Information Memorandum are defined under “Definitions”.

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

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

**Presentation of Financial and Other Information**

All references to “our Company” and “Matrix Holdings” in this Information Memorandum are to Matrix Parking Solution Holdings Berhad. All references to “Matrix Parking Group” and “our Group” in this Information Memorandum” are to our Company and our subsidiary as a whole and all references to “we”, “us”, “our” and “ourselves” are to our Company and our subsidiary, save where the context otherwise requires. Statements as to our beliefs, expectations, estimates and opinions are those of our Company.

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

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

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

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

Any reference in this Information Memorandum to any statutory legislation is a reference to that statutory legislation as for the time being amended, modified or re-enacted.

(The rest of this page has been intentionally left blank)

**Investment Risks**

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

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

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

**Forward Looking Statements**

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

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

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

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

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

**CORPORATE DIRECTORY**

| | |
|---|---|
| Board of Directors | Chin Wing Wah, Executive Director<br>Sukumaran a/l K.S. Nair, Executive Director<br>Chong Mee Lee, Executive Director<br>Che Ahmad Farisi Bin Che Husin, Independent Non-Executive Director |
| Business Address | Y-BG-02, D'aman Kayangan<br>No 1, Jalan PJU 1A/41, Ara Jaya<br>47301 Petaling Jaya<br>Selangor Darul Ehsan |
| E-mail | enquiry@matrixparking.my |
| Website | www.matrixparking.com.my |
| Company Secretary | Cheng Chia Ping (MAICSA 1032514) |
| Registered Office | Level 7, Menara Milenium, Jalan Damanlela<br>Pusat Bandar Damansara, Damansara Heights<br>50490 Kuala Lumpur, Wilayah Persekutuan |
| Approved Adviser, Continuing Adviser and Placement Agent | M&A Securities Sdn Bhd (15017-H)<br>Level 11 No. 45 & 47, The Boulevard<br>Mid Valley City<br>Lingkaran Syed Putra<br>59200 Kuala Lumpur, Wilayah Persekutuan |
| Auditors | For the financial year ended 31 December 2017:<br>STYL Associates (AF 1929)<br>No. 902, 9th Floor<br>Block A, Damansara Intan<br>No. 1, Jalan SS20/27<br>47400 Petaling Jaya<br>Selangor Darul Ehsan<br><br>For the financial year ended 31 December 2016:<br>Tan Chin Huat & Co (AF 1395)<br>No. 902, 9th Floor<br>Block A, Damansara Intan<br>No. 1, Jalan SS20/27<br>47400 Petaling Jaya<br>Selangor Darul Ehsan |
| Solicitors | Ilham Lee<br>Suite 7.1C, Level 7, Work @ Clearwater<br>Changkat Semantan<br>Damansara Heights<br>50490 Kuala Lumpur, Wilayah Persekutuan |
| Independent Market Researcher | Providence Strategic Partners Sdn Bhd (1238910-A)<br>L-2-1, Plaza Damas<br>No. 60, Jalan Sri Hartamas 1<br>Sri Hartamas<br>50480 Kuala Lumpur, Wilayah Persekutuan |

**CORPORATE DIRECTORY (Cont'd)**

| | |
|---|---|
| Valuer | PPC International Sdn Bhd (405011-U)<br>8th Floor, Campbell Complex<br>98 Jalan Dang Wangi<br>50100 Kuala Lumpur |
| Principal Banker | Malayan Banking Berhad (3813-K)<br>2nd Floor, 105 Jalan Bunus<br>Off Jalan Masjid India<br>50100 Kuala Lumpur, Wilayah Persekutuan |
| Share Registrar | Securities Services (Holdings) Sdn Bhd (36869-T)<br>Level 7, Menara Milenium, Jalan Damanlela<br>Pusat Bandar Damansara, Damansara Heights<br>50490 Kuala Lumpur, Wilayah Persekutuan |
| Listing Sought | LEAP Market |

**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**

| | | |
|---|---|---|
| 'Matrix Holdings' or 'Company' | : | Matrix Parking Solution Holdings Berhad (1283160-X) |
| 'Matrix Parking Group' or 'Group' | : | Matrix Holdings and its subsidiaries |
| 'Matrix Parking' | : | Matrix Parking Solution Sdn Bhd (739322-M) |
| 'Matrix PJ' | : | Matrix Parking Solution (PJ) Sdn Bhd (1117539-H) |

**Individuals**

| | | |
|---|---|---|
| 'Sukumaran' | : | Sukumaran a/l K.S. Nair, our co-founder, Promoter and Non-Independent Executive Director |
| 'Alex Chin' | : | Chin Wing Wah, our co-founder, Promoter and Non-Independent Executive Director |

**Other corporations, establishment and agencies**

| | | |
|---|---|---|
| 'Approved Adviser', 'Continuing Adviser' or 'Placement Agent' | : | M&A Securities |
| 'BNM' | : | Bank Negara Malaysia |
| 'Bursa Securities' | : | Bursa Malaysia Securities Berhad (635998-W) |
| 'M&A Securities' | : | M&A Securities Sdn Bhd (15017-H) |
| 'Providence' | : | Providence Strategic Partners Sdn Bhd (1238910-A) |
| 'Share Registrar' | : | Securities Services (Holdings) Sdn Bhd (36869-T) |
| 'Netton' | : | Netton Resources Sdn Bhd (525264-D), our Promoter |

**General**

| | | |
|---|---|---|
| 'Acquisition' | : | Acquisition by Matrix Holdings of the entire share capital of Matrix Parking for a purchase consideration of RM3,000,000, wholly satisfied via the issuance of 180,000,000 new Matrix Holdings Shares to the shareholders of Matrix Parking (as detailed in Section 3.2 of Part I), which was completed on 18 September 2018 |
| 'Act' | : | Companies Act 2016 or any statutory modification, amendment or re-enactment thereof for the time being in force |
| 'Board' | : | Board of Directors of our Company |
| 'CAGR' | : | Compound annual growth rate |
| 'CMSA' | : | Capital Markets and Services Act 2007 or any statutory modification, amendment or re-enactment thereof for the time being in force |
| 'Directors' | : | Directors of our Company |
| 'FPE' | : | 8 months financial period ended 31 August |
| 'FYE' | : | Financial year(s) ended |
| 'GP' | : | Gross profit |
| 'IMR Report' | : | Independent market research report on the parking facility management services, property market and automotive market in Malaysia prepared by Providence |
| 'Indicative Placement Price' | : | The indicative placement price of RM0.13 per Share to be issued pursuant to the Proposed Placement |
| 'Information Memorandum' | : | This information memorandum dated 24 December 2018 |
| 'KLCC' | : | Kuala Lumpur City Centre |
| 'LEAP Market' | : | LEAP Market of Bursa Securities |
| 'LEAP Listing Requirements' | : | LEAP Market Listing Requirements of Bursa Securities, as amended from time to time |
| 'LPD' | : | 30 November 2018, being the latest practicable date prior to the date of this Information Memorandum |
| 'LRT' | : | Light rail transit |
| 'NA' | : | Net assets |
| 'PAT' | : | Profit after taxation |
| 'PBT' | : | Profit before taxation |
| 'Placement Shares' | : | 20,000,000 Shares to be issued pursuant to the Proposed Placement |

| | | |
|---|---|---|
| 'Promoters' | : | Sukumaran, Alex Chin, Netton, Chong Mee Lee, Chin Kai Yin, Chin Wing Kee and Chin Lam Yuen, collectively |
| 'Proposed Listing' | : | Proposed listing of and quotation for our entire 200,001,000 Shares on the LEAP Market |
| 'Proposed Placement' | : | Proposed issuance of the Placement Shares within the meaning of Section 230 of CMSA at the Indicative Placement Price to selected Sophisticated Investors in conjunction with the Proposed Listing |
| 'Share(s)' | : | Share(s) in our Company |
| 'Sophisticated Investor' | : | Any person who falls within any of the categories of investors set out in Part I of Schedule 7 of the CMSA |

**Currencies, units and others**

| | | |
|---|---|---|
| '%' or 'percent' | : | per centum |
| 'RM' | : | Ringgit Malaysia and sen, respectively |

**Glossary of technical terms**

| | | |
|---|---|---|
| 'CCTV' | : | Closed-circuit television, the use of video cameras to transmit signal to specific monitors for surveillance and security purposes |
| 'RFID' | : | Radio frequency identification |
| 'share unit(s)' | : | Units of value assigned under Section 8 of the Strata Titles Act 1985 (Act 318) to each parcel of development which is intended for subdivision into strata title by the developer's licensed land surveyor. The allocated share unit is used to determine the maintenance charges of the common property and the voting rights of an owner of the subdivided parcel. |
| 'Touch 'n Go' | : | A smart card used as a form of electronic payment for toll fare, parking services, public transport and cashless payment at selected retail outlets |

(The rest of this page has been intentionally left blank)

**TABLE OF CONTENTS**

**PART I: INFORMATION ON OUR GROUP**

**TABLE OF CONTENTS (Cont'd)**

**TABLE OF CONTENTS (Cont'd)**

**PART IV: ADDITIONAL INFORMATION**



**APPENDIX**



(The rest of this page has been intentionally left blank)

## 1. HISTORY OF OUR GROUP

We offer parking operation and management services. These services comprise onsite management services for both indoor and outdoor parking facilities. We also offer value added support services which optimise the operations of the parking facilities as well as jockey services and valet parking.

The history of our Group can be traced back to 2009 when our Group commenced operations, led by Sukumaran and Alex Chin. In 2009, we secured our first parking facility management contract for D'Aman Crimson, a mixed development property in Selangor. This allowed us to develop our expertise in parking management services for commercial property tenants and visitors.

Subsequently in 2010, we secured our first parking facility management contract in Kuala Lumpur for a commercial property, namely Fraser Place, a serviced apartment with office space in Kuala Lumpur. We further expanded our portfolio for mixed development parking facilities as we secured the parking facility management contract for Endah Promenade in Kuala Lumpur in 2011. Subsequently in 2012 we further secured the parking facility management contract for a Class A Green Building in the KLCC vicinity, a prominent corporate office tower in Kuala Lumpur.

In 2015, we secured a parking facility management contract for a shopping mall in Kota Damansara and acquired our first property, being Casa Residenza's parking facility.

We achieved a significant milestone in 2016 when we were appointed to manage the parking facility at Sepang International Circuit in Selangor for the annual Malaysian Grand Prix (part of the Formula One World Championship) and Malaysia Motorcycle Grand Prix events held at this circuit. During these sporting events, we managed traffic flow of up to 12,000 vehicles and 15,000 motorcycles across 13 parking sites at the Sepang International Circuit. Our appointment is for major events organised by the owner and held at the Sepang International Circuit for the contract term for which parking is charged. For avoidance of doubt, the aforementioned sporting events were the only major events we were involved in.

Recognising the importance of diversifying into managing different types of parking facility properties, in 2016, we secured parking facility management contracts for social amenities comprising LRT stations and a hospital, which also marked our venture into the government and government-linked sector. In 2017, we were further awarded a contract to manage the parking facility at Kompleks Pakar dan Rawatan Harian (SCACC), Hospital Kuala Lumpur.

In December 2017, we further secured a parking facility management contract for Parklane OUG Block E in Kuala Lumpur and a letter of award for a parking facility management contract for Amanja Semi-D Suites in Kuala Lumpur. As at the LPD, we have secured letters of award for a parking facility management contract for Nirvana Centre in Kuala Lumpur and for Hospital Sultanah Aminah in Johor Bahru.

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

Our Group's milestones in terms of secured parking facility management contracts are as depicted below:

## 2. BUSINESS OVERVIEW

### 2.1 Principal activities and services

We are principally a provider of parking operations and management services.

We provide comprehensive onsite parking services at indoor and outdoor parking facilities. Additionally, we also offer value added support services which optimise the operations of the parking facilities. Through Matrix PJ, we also provide valet parking as a value added ancillary service. The scope of services that we deliver under comprehensive parking services are as depicted below:

**Comprehensive parking services**

- Provision and supervision of all personnel necessary to facilitate daily parking operations including customer service and audit personnel;
- Installation, management and maintenance of parking access and revenue control systems; and
- Provision of a variety of maintenance, marketing, customer service, and accounting and revenue control functions.

**Parking management**

- Preparation of annual operating budgets reflecting our estimates of the annual gross parking revenues that the parking facility will generate from its parking customers, as well as the costs and expenses to be incurred in connection with the parking facility's operation;
- Evaluation and analysis of, and consultation with our clients with respect to, price structures that will optimise our clients' revenue objectives;
- Implementation of a wide range of operational and revenue control processes and procedures, including internal audit procedures, designed to maximise and protect the facility's parking revenues;
- Consultation with our clients regarding any recommended modifications in facility design or traffic flow, or the installation of new or updated parking access and revenue control systems, designed both to enhance the ease and convenience of the parking experience for the parking customers and to maximise facility profitability; and
- Periodical reporting to our clients regarding the facility's operating results.

**Parking operations**

- Collection and deposit of daily and monthly parking revenues from all parking customers;
- Daily housekeeping to maintain the facility in a clean and orderly manner;
- Restriping of the parking bays as necessary;
- Routine maintenance of parking access and revenue control systems parking equipment (e.g., ticket dispensing machines and parking gate arms);
- Marketing efforts designed to maximise gross parking revenues;
- Delivery of courteous and professional customer service relating to handling of enquiries, and management of any arising issues; and
- Delivery of value-added services (e.g. taking the necessary steps to ensure vehicle security and jockey services).

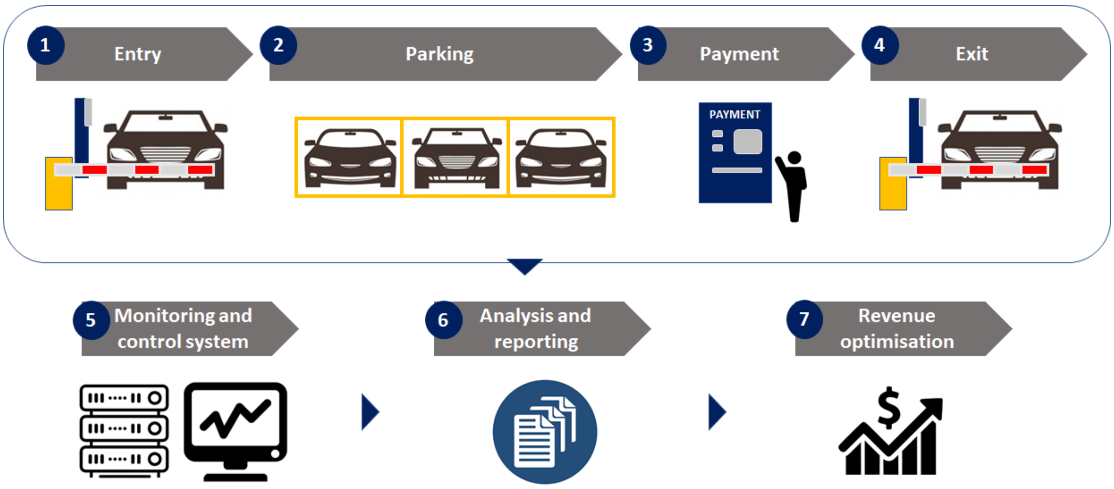
Our customers place value on our ability to deliver consistent levels of parking services, especially in the areas of: parking facility and traffic flow functionality; monitoring and control systems; analysis and reporting; as well as revenue optimisation. Customers recognise that these services are aimed at maximising the collection of their parking revenue while minimising leakages.

Further, our customers recognise that the parking experience is very important to their property tenants and visitors as it is the first and last point of contact. Hence, these customers expect us to provide a positive and engaging car park experience to their property tenants and visitors.

To achieve the above, we also provide value-added consultation and reporting services to our customers, and ensure that the parking facilities we manage are clean, well lit, have clear signages and are managed professionally by informed and courteous staff.

Parking has historically been a cash-based business with limited focus on customer experience, with the exception of specialised facilities such as airports or high value retail and hospitality venues. Generally, parking transactions are vulnerable to leakage. Recognising this, we implement a wide range of operational and revenue control processes and procedures, including internal audit procedures, designed to maximise and protect the facility's parking revenues. This also includes the implementation of our Matrix monitoring and control system and cashless payment equipment that are designed to reduce revenue leakage by reducing employee contact with cash and improving the ability to audit parking revenues collected. Additionally, to improve visitor patronage, we may also recommend pricing revisions based on parking demand and vehicle traffic, as well as parking design review to maximise spatial potential.

A typical flow of our parking operations and management services are as follows:




(The rest of this page has been intentionally left blank)

Revenue from the parking facilities we manage and operate are collected mainly through cash and cashless payment methods. A typical flow of our parking operations and management services are set out in the table below.

| | | Cash payment method | Cashless payment method |
|---|---|---|---|
| Parking operations | **1. Entry** | • Driver is issued a parking ticket by automated ticket machines at the point of entry.<br>• Barrier arm is triggered to lift to allow vehicle entry into the parking facility.<br>• CCTV records the entry of vehicle into the parking facility.<br>• Barrier arm is triggered to drop upon entry of the vehicle into the parking facility. | • Driver flashes Touch 'n Go card at Touch 'n Go terminal at the point of entry.<br>• Driver with long-term parking access flashes season parking tag at the card reader terminal at the point of entry.<br>• Barrier arm is triggered to lift to allow vehicle entry into the parking facility.<br>• CCTV records the entry of vehicle into the parking facility.<br>• Barrier arm is triggered to drop upon entry of the vehicle into the parking facility. |
| | **2. Parking** | • Driver parks in vacant parking bay. | |
| | **3. Payment** | • Driver inserts parking ticket into the automated payment machine located at designated spots, which indicates the amount due upon processing the parking ticket.<br>• Driver inserts cash into the automated payment machine based on amount due.<br>• The payment is recorded on the parking ticket and the parking ticket is issued to the driver for exit. | Not applicable. |
| | **4. Exit** | • Driver inserts parking ticket into automated ticket machines at the point of exit.<br>• Barrier arm is triggered to lift to allow vehicle exit from the parking facility.<br>• CCTV records the exit of vehicle from the parking facility.<br>• Barrier arm is triggered to drop upon vehicle exit from the parking facility. | • Driver flashes Touch 'n Go card at Touch 'n Go terminal at the point of exit.<br>• Driver with long-term parking access flashes season parking tag at the card reader terminal at the point of exit.<br>• CCTV records the exit of vehicle from the parking facility.<br>• Barrier arm is triggered to lift to allow vehicle exit from the parking facility. |

<table>
<tr><th></th><th></th><th>Cash payment method</th><th>Cashless payment method</th></tr>
<tr><td rowspan="3">**Parking management**</td><td>**5. Monitoring and control system**</td><td colspan="2">• Onsite support staff are stationed at a parking management services office.<br>• Onsite support staff have access to parking access and revenue control systems for daily monitoring of parking transactions.<br>• Onsite support staff are able to monitor movement at the entry and exit and payment points, as well as within the parking facility for security purposes through strategically placed CCTVs.<br>• Designated key management have access to CCTV footage of each parking facility on a live basis.</td></tr>
<tr><td>**6. Analysis and reporting**</td><td colspan="2">• We keep our customers updated on the operating results of their parking facility.<br>• We prepare operating budgets reflecting our estimates of the monthly gross parking revenues that the parking facility will generate from its parking customers, as well as the costs and expenses to be incurred in connection with the parking facility's operation. This reporting is done on a daily, weekly and monthly basis.</td></tr>
<tr><td>**7. Revenue optimisation**</td><td colspan="2">• We analyse and evaluate pricing strategies, and consult with our customers with respect to price structures that will optimise our customers' revenue objectives.<br>• We implement the necessary operational and revenue control processes and procedures, including internal audit procedures, designed to maximise and protect the facility's parking revenues.</td></tr>
</table>

## 2.2 Business model

The parking facilities for which we operate and manage are governed under management contracts, lease arrangements or self-owned.

The general terms and differences between these types of arrangements are as follows:

<table>
<tr><th>Contract type</th><th>Management contracts</th><th>Lease arrangements</th></tr>
<tr><td rowspan="2">**Revenue**</td><td>• All revenue collection is deposited to the property owner on a regular basis.<br><br>• We receive a base monthly fee from the owner for managing the parking facility and may also receive an incentive fee based on the revenue performance of the parking facility.</td><td>• All revenue collection is generally collected by us.<br><br>• We generally pay the parking facility owner a fixed monthly fees/rent and/or a percentage of facility revenues, or a combination thereof.</td></tr>
<tr><td colspan="2">• We generally charge fees for various ancillary services such as consulting and installation of car park equipment and other accessories.</td></tr>
<tr><td>**Obligations**</td><td colspan="2">• We are responsible for hiring, training and deploying parking personnel, and providing revenue collection, accounting, record-keeping, and facility marketing services, signage as well as acquiring the requisite insurance policies.</td></tr>
</table>

| | |
|---|---|
| | • We are also responsible for operating expenses, maintenance and capital expenditure for the parking access and revenue control systems, as well as accessories relating to the parking facility.<br><br>• We are not responsible for structural or mechanical repairs of the parking facility, and typically are not responsible for providing security or guard services and parking facility cleaning services.<br><br>• The property owner is generally responsible for maintenance, repair costs and capital improvements of the parking facility as well as providing security or guard services and parking facility cleaning services. |

**Ownership**

We currently own 1 parking facility, namely Casa Residenza. In addition, Matrix Parking and Matrix PJ had on 5 December 2018 entered into sale and purchase agreements with Upaya Jernih Sdn Bhd to purchase 12 parcels of property together with accessory parcels forming 665 parking bays located in the basement and podium level of Cova Square (which are currently managed by our Group) for a total cash consideration of RM2,650,000. The cash consideration will be satisfied by a combination of internal generated funds, bank borrowings and the proceeds to be raised from the Proposed Listing. This acquisition is conditional upon amongst others, the relevant approvals being obtained for the revision of share units with respect to Matrix Parking and Matrix PJ as the new owner of the parking facility.

Ownership of parking facilities require a larger capital investment, but generates higher returns as compared to a management contract or lease arrangement.

Parking revenue is collected entirely by the owner, and the owner has the potential to realise benefits of appreciation in the value of the underlying real estate.

The owner of a parking facility is responsible for all obligations related to the property, including capital expenditure, maintenance and repairs.

## 2.3 Quality control and assurance

The parking experience is important to property tenants and visitors as it is the first and last point of contact. A property that provides a good parking experience has the potential to command customer loyalty which will result in repeat visits.

We have adopted an internal quality system that documents processes, procedures, and responsibilities for ensuring consistent and professional parking management services. We regularly review, audit and benchmark our processes and procedures for the purposes of enhancement or improvement, when required. We also seek to adopt best practices that allow us to enhance the consistency and professionalism of parking management services that we offer.

In order to ensure that the delivery of our parking management services meet the expected quality levels, we ensure that our parking facilities meet the following criteria:

- Well-lit parking facility;
- Clear signages at parking facility to direct vehicle drivers;
- Staffed by professional and courteous employees; and
- Well maintained parking system.

We install CCTVs at strategic locations in the parking facilities that we manage. Employees that are stationed at parking facilities carry our regular patrols to ensure vehicle and driver safety, thereby reinforcing our commitment to providing safe and secure parking facilities for our customers, property tenants and visitors.

Further, our employees undergo periodical on-the-job training that focuses on the delivery of professional parking management services. We further employ email and social media mediums as methods of obtaining feedback from customers, as well as property tenants and visitors to buildings in which we manage parking facilities.

We also utilise technology, through our parking access and revenue control systems to manage monitoring and control activities, as well as for analysis and reporting purposes. Our parking access and revenue control system provides for real time volume and payment information for transparent analysis and reporting to our customers.

## 2.4 Principal markets

Our principal market is in Klang Valley, Malaysia. Our diversified customer base includes: private and public owners, managers and developers of commercial office buildings, residential properties, shopping centres and other retail properties, mixed development, sports and special event complex, hotels and hospitals.

As at the LPD, we have secured 23 parking sites for various types of properties as depicted below to manage and operate.

| Type of property | Property and Location | Contract type | Number of parking bays | Location (Indoor/ Outdoor/ Mixture) | Payment (Cash/ Cashless/ Mixture) |
|---|---|---|---|---|---|
| Commercial office building | Cova Square, Petaling Jaya | Lease arrangement [(1)] | 650 | Indoor | Cashless |
| | Class A Green Building, KLCC | Management contract | 464 | Indoor | Cash |
| | Fraser Place, Kuala Lumpur | Lease arrangement | 367 | Indoor | Cash |
| | Menara Zurich, Kuala Lumpur | Lease arrangement | 592 | Indoor | Cash |
| | PJ21 Commercial Centre, Petaling Jaya | Lease arrangement | 259 | Mixture | Cashless |
| Retail | Shopping Mall at Kota Damansara | Lease arrangement | 2,167 | Indoor | Cash |
| | Pearl Suria Shopping Gallery, Kuala Lumpur | Management contract | 178 | Indoor | Cash |
| | Pearl Point Shopping Mall, Kuala Lumpur | Management contract | 570 | Indoor | Cash |
| Hotel | Pearl International Hotel, Kuala Lumpur | Management contract | 80 | Outdoor | Cash |
| Mixed development | Amanja Semi-D Suites, Kuala Lumpur | Lease arrangement | 622 | Indoor | Cashless |

| Type of property | Property and Location | Contract type | Number of parking bays | Location (Indoor/ Outdoor/ Mixture) | Payment (Cash/ Cashless/ Mixture) |
|---|---|---|---|---|---|
| | Casa Residenza, Petaling Jaya | Own property | 145 | Indoor | Cashless |
| | D'aman Crimson, Petaling Jaya | Lease arrangement | 1,334 | Mixture | Cashless |
| | Endah Promenade, Kuala Lumpur | Lease arrangement | 565 | Indoor | Cash |
| | Emerald Avenue, Kuala Lumpur | Lease arrangement | 839 | Mixture | Cash |
| | Parklane OUG Block E, Kuala Lumpur | Lease arrangement | 1,723 | Mixture | Cashless |
| Social amenities | Former SJKC Lai Meng, Kuala Lumpur | Lease arrangement | 250 | Outdoor | Cashless |
| | Hospital Kuala Lumpur | Lease arrangement | 331 | Indoor | Cash |
| | 3 LRT Stations in Selangor | Lease arrangement | 1,220 | Outdoor | Cash |
| | Nirvana Centre, Kuala Lumpur | Lease arrangement | 250 | Indoor | Cash |
| | Hospital Sultanah Aminah, Johor | Lease arrangement | 918 | Outdoor | Mixture |
| Sport and special events complex | Sepang International Circuit, Sepang | Lease arrangement | 12,000 | Outdoor | Cash |
| | | **Total** | **25,524** | | |

Note:

(1) Matrix Parking and Matrix PJ had on 5 December 2018 entered into sale and purchase agreements with Upaya Jernih Sdn Bhd to purchase 12 parcels of property together with accessory parcels forming 665 parking bays located in the basement and podium level of Cova Square (which are currently managed by our Group) for a total cash consideration of RM2,650,000.

As at the LPD, parking rates for all the parking facilities we manage are charged by the hour or by monthly season parking fee, save for Sepang International Circuit and 2 LRT stations, which charge parking per entry.

We witness seasonal variations in our revenue collection for parking services in selected commercial office buildings, retail, mixed development and social amenity properties, where our revenue collection during school holidays, as well as the year-end holiday period and festive holiday period in Malaysia may be lower when the population of Klang Valley typically leave the city for holidays.

## 2.5 Sales and marketing strategies

Our business development and marketing efforts are centered on attracting new customers. These activities are under the purview of our marketing department.

Historically, we have grown our business and secured new parking facility management contracts through referrals. Since 2015, we began focusing our business development strategies to target property owners and managers where we focus on marketing our range of services and track record to them. Further, we also participate in tenders to secure parking facility management contracts from property owners and managers of new properties, or those whose parking facility management contracts are expiring.

Our marketing and business development efforts are centred on maintaining a pipeline of prospective and existing customers, initiating contact with such customers, and then following through to coordinate meetings between their key people and the appropriate members of our management.

We also place a specific focus on marketing and customer relationship efforts that pertain to those customers having regional or national presence to encourage cross-selling amongst commonly owned parking facilities. Accordingly, to better cater to the needs of these larger owners, we assign executives to these customers to address any existing portfolio issues, as well as to reinforce existing and develop new account relationships, and to take any other action that may further our business development interests.

## 2.6 Technologies used

We adopt new technology and equipment to enhance efficiency, user-friendliness and profitability of the parking facilities that we manage. Our team applies our experience and understanding to develop parking management solutions that streamline operations and improve parking experiences. For example, to prevent the loss of parking charges received in cash, we use fully automated payment machines to receive payment and CCTV records to monitor vehicle movement.

Our efforts in technology adoption are targeted at incorporating elements of automation at the parking facilities that we manage to increase efficiency, optimise manpower allocation, enhance performance, ensure integrity of revenues and improve parking experiences.

Our efforts in terms of new technology and equipment are described below:

- **Cashless payment system**

  Over the years, we have moved towards cashless payment methods by installing Touch 'n Go terminals at the parking facilities that we manage. As at the LPD, several parking facilities that we manage, namely D'Aman Crimson, Casa Residenza, the property formerly known as SJKC Lai Meng, PJ21 Commercial Centre, Cova Square, Amanja Semi-D Suites and Parklane OUG Block E, have been converted to be fully cashless parking facilities. In these parking facilities, property tenants and visitors use access cards as well as Touch 'n Go cards to enter and exit the premises. The adoption of cashless payment methods is well received as it offers the benefit of greater convenience for property tenants and visitors, promotes greater accountability of parking transactions and reduced leakage as cash transactions do not take place. Further, this allows us to maximise manpower allocation at parking facilities, whereby our employees can focus on maintaining our monitoring and control system, analysis and reporting as well as revenue optimisation.

  To promote the conversion to fully cashless payment systems in the parking facilities that we manage, we ensure that Touch 'n Go cards are readily available for sale at the onsite parking facility management office and provide services for Touch 'n Go value reloads to be carried out onsite. In this regard, we absorb the service charge and taxes imposed on parking fees made through Touch 'n Go cards.

- **Remote monitoring and management**

  We are developing a remote monitoring and management system that will allow for the collection and analysis of real time footage on a 24-hour basis daily through a network of CCTVs that are strategically installed throughout the parking facility. This will allow us to provide remote monitoring and assistance, and respond immediately to arising issues whilst maximising manpower efficiencies and customer satisfaction.

  We will place trained staff to manage this monitoring and management system both onsite at each parking facility that we manage, and remotely at a command centre at our main office.

- **Long range equipment with anti-passback/zoning technology for access control**

  We are assessing the potential of using long range equipment with anti-passback/zoning technology in mixed development properties with a common entrance to the parking facility and where there are designated parking bays/floors for different categories of drivers. Current technology is available for short range equipment, and we have received customer feedback on encouraging demand for upgrading to long range technology.

  We are also assessing the potential of replacing short range card readers with long range card readers that are enhanced with anti-passback/zoning feature. The anti-passback/zoning feature will be designed to prevent misuse of the parking access control system as it establishes a specific sequence in which parking access cards must be used in order for the parking system to grant access. It prevents unauthorised drivers from gaining access to restricted areas that they are not permitted to enter.

  Long range readers have the ability to read parking access cards inside vehicles from a distance of up to 7-14 metres, and the barrier arm is triggered to open ahead of time. The barrier arm will be fully opened by the time the vehicle arrives at the entrance. Drivers can immediately enter the parking facility without needing to fully stop at the card reader terminal. This improves traffic flow and reduces vehicle traffic congestion during peak hours, and for a more pleasant experience overall.

## 2.7 Major customers

As at the LPD, we have secured 23 parking sites to manage and operate.

The table below sets forth properties owned by our major customers who accounted for 10% or more of our total revenue for the FYEs 2016 and 2017 as well as FPE 2018:

| Customers | Contract type | Type of property | As a percentage of total revenue | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | FYE 2016 | | FYE 2017 | | FPE 2018 | |
| | | | RM | % | RM | % | RM | % |
| Customer A | Lease arrangement | Commercial office building in Kuala Lumpur | 680,334 | 10.5 | 687,314 | 7.9 | 742,652 | 12.0 |
| Customer B | Management contract | Hotel/Shopping mall in Kuala Lumpur | 55,500 | 0.9 | 949,671 | 11.0 | 685,786 | 11.1 |

We are not highly dependent on any customers as the number of parking sites secured as at the end of FYE 2016, FYE 2017 and FPE 2018 were 14, 19 and 22 respectively, demonstrating the rapid growth of our customer base. We have established good business relationships with these customers and this will provide the opportunity for us to secure more opportunities from these customers for our continuing business growth.

## 2.8 Major suppliers

Our major supplies are parking access and revenue control systems as well as consumables, detailed as follows:

(a) Parking access and revenue control systems comprise automated ticket machines; automated payment machines; automated exit machines; central management stations; Touch 'n Go terminals; short, medium and long range card readers; signages as well as CCTVs; and

(b) Consumables comprise parking tickets; access cards and receipt rolls.

The table below sets forth the purchases from our major suppliers who accounted for 10% or more of our total purchases for the FYEs 2016 and 2017 as well as FPE 2018:

| | | As a percentage of total purchases | | | | | |
|---|---|---|---|---|---|---|---|
| **Suppliers** | **Type of supplies purchased** | **FYE 2016** | | **FYE 2017** | | **FPE 2018** | |
| | | **RM** | **%** | **RM** | **%** | **RM** | **%** |
| Supplier A | Parking access and revenue control systems | 448,236 | 73.2 | 365,123 | 55.3 | 141,480 | 35.0 |
| Supplier B | Parking access and revenue control systems | 41,022 | 6.7 | 126,420 | 19.2 | 127,136 | 29.7 |

Supplier A is involved in the design and development of equipment, software applications and solutions for its parking access and revenue control system which are widely adopted in Malaysia.

Supplier B is a distributor of Touch 'n Go terminals, parking access and revenue control systems in Malaysia. Touch 'n Go is an increasingly popular form of cashless payment system used for parking services in Malaysia.

Decisions on the type of parking access and revenue control system to adopt in the parking facilities that we manage are made in consultation with our customers. Thus, we adopt parking access and revenue control systems that are reputable. Further, we engage with suppliers who are able to deliver parking access and revenue control systems that meet our requirements in a timely manner, offer favourable payment terms, offer efficient and comprehensive technical and maintenance services and with whom we have good working relationship.

Notwithstanding that our purchases from Supplier A represented 73.2% to 35.0% of our purchases during FYE 2016 to FPE 2018, we are not highly dependent on Supplier A for the supply of our parking facility equipment, as there are other suppliers that provide these equipment at competitive prices.

(The rest of this page is intentionally left blank)

## 2.9 Major approvals, permits, licences and intellectual properties

### (a) Major approvals, permits and licences

As at LPD, there are no approvals/permits/licenses issued to our Group for us to carry out our operations, other than those pertaining to the general business requirements of our office premises and the respective licenses for us to operate the parking facilities of our clients. As at the LPD, these licenses are still valid and do not have any equity and/or major conditions imposed on them.

| No. | Licensee | Issuing Authority | Commencement date | Expiry date | Nature of approval/ Licences |
|---|---|---|---|---|---|
| (i) | Matrix Parking | Subang Jaya, Municipal Council | 15 February 2018 | 14 February 2019 | Car park license for car park within LRT Station |
| (ii) | Matrix Parking | Shah Alam, Municipal Council | 1 January 2018 and 1 December 2018 | 31 December 2018 and 30 November 2019 | 2 car park licenses for car park within 2 LRT Stations |
| (iii) | Matrix Parking | Petaling Jaya, Municipal Council ("MBPJ") | 8 January 2018 | 31 December 2018 | Car park license for PJ 21 Commercial Centre |
| (iv) | Matrix Parking | MBPJ | 8 January 2018 | 31 December 2018 | Car park license for shopping mall in Kota Damansara |
| (v) | Matrix Parking | MBPJ | 8 January 2018 | 31 December 2018 | Car park license and signage license for D'Aman Crimson |
| (vi) | Matrix Parking | MBPJ | 8 January 2018 | 31 December 2018 | Car park license for Casa Residenza |
| (vii) | Matrix Parking | MBPJ | 8 January 2018 | 31 December 2018 | Car park license for Cova Square |
| (viii) | Matrix Parking | Majlis Bandaraya Selayang | 24 April 2018 | 31 December 2018 | Car park license for Emerald Avenue Selayang |
| (ix) | Matrix PJ | DBKL | 8 November 2018 | 7 November 2019 | License for car jockey services for Pearl Suria Shopping Gallery |

| No. | Licensee | Issuing Authority | Commencement date | Expiry date | Nature of approval/ Licences |
|---|---|---|---|---|---|
| (x) | Matrix Parking | DBKL | 5 August 2018 | 4 August 2019 | Car park license for Endah Promenade, Sri Petaling |
| (xi) | Matrix Parking | DBKL | 24 August 2018 | 23 August 2019 | Car park license for open site in former SJKC Lai Meng, Jalan Ampang |
| (xii) | Matrix Parking | DBKL | 23 November 2018 | 22 November 2019 | Hospital Kuala Lumpur |

The licenses for the following parking facilities which are still valid are issued in favour of the owner of the parking facilities:

| No. | Licensee | Issuing Authority | Commencement date | Expiry date | Nature of approval/ Licences |
|---|---|---|---|---|---|
| (i) | Owner | DBKL | 9 March 2018 | 8 March 2019 | Car park license for Pearl Suria Shopping Gallery |
| (ii) | Owner | DBKL | 13 November 2018 | 12 November 2019 | Class A Green Building in KLCC area |

As at the LPD, the relevant applications for licences or renewal have been submitted by Matrix Parking or the owners of the parking facilities to DBKL and are pending approval:

(a) Parklane OUG Block E (application by Matrix Parking)
(b) Pearl International Hotel and Pearl Point Shopping Mall (application by owner of parking facility)
(c) Fraser Place (application by owner of parking facility)
(d) Menara Zurich, Kuala Lumpur (application by Matrix Parking)

Save for the licences disclosed above which are pending approval from DBKL, the Group has obtained all the required approvals licenses and/or permits to carry out its business. The Group has never failed to have these licenses renewed. However, based on the Group's past experience, it is commonplace for local authorities to process and issue such license renewals after the expiry date. As such, the Board is of the view that there is minimal risk involved in the renewal of these licenses.

**(b) Intellectual properties**

The intellectual properties held by Matrix Parking below is still valid. Save as disclosed below, our Group has no other registered trademarks:

| No. | Trademark | Issuing authority / Trademark no. | Class | Validity |
|---|---|---|---|---|
| (i) | Matrix Parking | Intellectual Property Corporation of Malaysia / 2010019054 | Class 39 (which includes car parking services) | From 11 October 2010 to 11 October 2020 |

## 2.10 Properties

As at the LPD, save as disclosed below, we do not own any properties.

| Address | Built-up area | Tenure / Express conditions / encumbrances | Audited net book value as at 31 December 2017 | Date of issuance of Certificate of Completion and Compliance | Existing use |
|---|---|---|---|---|---|
| | square feet | | RM'000 | | |
| Level B1, Casa Residenza, Jalan Teknologi 2/1, Off Jalan Surian, Kota Damansara, 47810 Petaling Jaya, Selangor | 37,469 | Leasehold expiring 25 January 2104 / - / - | 2,900 | 17 January 2013 | Indoor parking facility |

Revenue for Casa Residenza is entirely derived from hourly parking charges from regular visitors.

In addition to the above, Matrix Parking and Matrix PJ had on 5 December 2018 entered into sale and purchase agreements with Upaya Jernih Sdn Bhd to purchase 12 parcels of property together with accessory parcels forming 665 parking bays located in the basement and podium level of Cova Square (which are currently managed by our Group) for a total cash consideration of RM2,650,000. The cash consideration will be satisfied by a combination of internal generated funds, bank borrowings and the proceeds to be raised from the Proposed Listing. This acquisition is conditional upon amongst others, the relevant approvals being obtained for the revision of share units with respect to Matrix Parking as the new owner of the parking facility.

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

As at LPD, save for the 23 parking sites which we have secured to operate and manage, the details of the other properties which we are currently renting are as follows:

| Owner | Address | Built-up area | Tenure | Rental per annum | Existing use |
|---|---|---|---|---|---|
| | | square feet | | RM'000 | |
| Netton | Y-B1-02, D'aman Kayangan, No 1, Jalan PJU 1A/41, Ara Jaya, 47301 Petaling Jaya, Selangor | 2,045 | 1 January 2018 to 31 December 2020 | 42 | Office |
| Mainland Avenue Sdn Bhd | Y-BG-02, D'aman Kayangan, No 1, Jalan PJU 1A/41, Ara Jaya, 47301 Petaling Jaya, Selangor | 1,860 | 1 January 2018 to 31 December 2020 | 54 | Office |

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

## 2.11 Competitive strengths

We have established a reputation as a fast-growing and modernised parking operation and management services provider. This is evident through the growing number of parking facilities we have secured. We are committed to providing high quality services, comprehensive and innovative parking operation and management services to our customers. We believe that the following factors have been critical to our success:

### (a) We have a strong market presence in Klang Valley

We have market presence in the urban cities in Klang Valley that are major residential and commercial centers, comprising Kuala Lumpur city centre, Kota Damansara, Petaling Jaya, Selayang, Subang Jaya and Shah Alam.

We consider our core market to be Klang Valley where we have a strong presence, economies of scale, and have depth of management and a detailed knowledge of the local markets. Because of the scale of our operations, we are able to spread administrative overhead costs across a large number of parking locations in a single market and generate higher average profitability per location in our core market. Leveraging on these advantages, we can compete more effectively for new business and are better able to retain existing locations.

### (b) We have a diverse customer base and high contract retention rate

We have a diverse customer base, which enables us to mitigate the risk of a downturn in particular locations or property spaces while providing us with the ability to take advantage of growth opportunities in any of the markets we serve. Our customer base is diversified across number of customer and types of parking facilities, which are further elaborated below.

- Number of customers

  As at the LPD, we secured 23 parking sites to operate and manage. Save as disclosed in Section 2.7, no single customer represented more than 10% of revenue for the FYEs 2016 and 2017.

- Types of parking facilities

  Our diversified customer base includes private and public owners and managers of commercial office buildings, residential properties, shopping centres and other retail properties, sports and special event complex, hotels and hospitals. Our parking facilities at LRT stations act as public transport modal interchange parking, which is parking offered to users of public transport who drive to and park at public transportation terminals or hubs and complete the rest of their commute using public transport.

### (c) We provide consistent and high quality services

We have adopted an internal quality assurance system to ensure the delivery of consistent and professional parking management services. In order to remain current, regular reviews and audits are performed on our processes and procedures for the purposes of service enhancement or improvement.

We leverage on technology to deliver consistent quality of parking management services. In this aspect, we have adopted a parking access and revenue control system to manage monitoring and control activities; as well as for analysis and reporting purposes. Our parking access and revenue control system provides for real time volume and payment information for transparent analysis and reporting to our customers, thereby minimising leakage in parking revenue collection.

Our ability to provide high quality services is valued by our customers, who recognise that the parking experience often makes both the first and last impressions on their properties' tenants and visitors. Our customers therefore seek to offer the best possible parking experience as a means of distinguishing their properties from competing properties.

Our ability to consistently deliver these and related services improves our ability to win contracts at prime locations, retain existing locations and, therefore, improve our profitability. We offer our customers expertise in cash management; budgeting; marketing and pricing strategies; facility and traffic flow functionality; parking access and revenue control systems; and monthly reporting. Our goal is to provide parking facilities that are clean and well-lit, with clear signage and professional, informed and courteous staff. Our employees undergo training that focuses on the delivery of professional services to our customers and their patrons/visitors on a consistently high level.

**(d) Experienced management team**

Our past success and future growth have been and will continue to be influenced by the leadership of our team of experienced directors and key management. Our co-founders and Executive Directors; namely, Alex Chin and Sukumaran bring with them a over 9 years and 20 years of accumulated experience respectively in the car park management services industry. They both play an instrumental role in steering our growth strategies and business directions.

(The rest of this page has been intentionally left blank)

## 2.12 Future plans and prospects

### (a) Future plans and business strategy

Our business objectives are to maintain sustainable growth in our business and create long-term shareholder value. To achieve our business objectives, we endeavour to implement the following future plans over a period of 36 months from the date of our Proposed Listing. We believe we are well positioned to pursue the following growth strategies.

#### (i) Grow contract portfolio within our core market

We plan to increase our presence and profitability in our core market of Klang Valley by continuing to provide high quality parking services and by capitalising on our economies of scale and operating efficiency. Concentration in our core market gives us the ability to spread administrative overhead costs across a large number of parking facilities. We plan to continue to maximise our local market knowledge and management infrastructure to retain existing locations and compete for new business in these core markets.

To this end, we have refocused our marketing activities on business development strategies to target property owners and managers. Our marketing and business development efforts are centred on maintaining a pipeline of prospective and existing customers, initiating contacts with such customers, and then following through to coordinate meetings involving those customers and the appropriate members of our management. We also place a specific focus on marketing and customer relationship efforts that pertain to those customers having regional or national presence.

#### (ii) Develop new geographical market opportunities

We believe that opportunities for growth are available by developing new geographical markets. One of our strategies is to grow our customer relationships to facilitate the addition of new geographical markets.

Our customers generally have presence in a variety of urban locations where they also seek to outsource the management of their parking facilities, and we intend to leverage on our existing business relationships with these customers to secure additional parking facility contracts. Our track record in managing parking facilities for diverse types of properties serve as a testament for us to secure additional parking facility management contracts.

#### (iii) Adopt new technology and equipment to enhance the delivery of parking management services

We leverage on technology to improve the operations at parking facilities that we manage and provide our customers with accurate and timely financial information.

Thus, we intend to incorporate new technology and elements of automation at the parking facilities that we manage to increase efficiency, optimise manpower allocation, enhance performance and improve parking experiences.

Specifically, we intend to:

- Convert more parking facilities that we manage to be fully cashless parking facilities. This conversion will be done in consultation with our customers and on a gradual basis to allow for vehicle drivers to adapt to the change.

- Adopt remote monitoring and management systems in more parking facilities that we manage. This relates to the installation of strategically placed CCTVs throughout the parking facility to collect, monitor and analyse human and vehicle movement to promote safety and security. Investments in remote monitoring and management systems will be made in consultation with our customers.

- Assess the potential of adopting long range equipment technology with anti-passback/zoning features in mixed development properties with a common entrance to the parking facility, where there are designated parking bays/floors for different categories of drivers.

- Conduct training and development programmes for all our employees in relation to the new technologies to be adopted in future.

Please refer to Section 2.6 for further details on the technologies to be used to enhance the delivery of our parking management services.

The benefits of incorporating the abovementioned technology and equipment in our parking management services include:

- Improved cash controls;
- Lower operating expenses;
- Improved customer service;
- Reduced congestion; and
- Real time reporting.

We anticipate that the cost for these new solutions will amount to approximately RM300,000, and these expenses will be funded by internally generated funds.

**(iv) Further diversifying our business model into the ownership of parking facilities**

As the owner of a parking facility, parking revenue is earned entirely by our Group and we have the potential to realise benefits of appreciation in the value of the underlying real estate. However, we would also assume the associated risks of owning the parking facility.

In contrast, our management contracts typically generate a fixed base management fee that is not dependent upon the operating performance of the location and, as a result, limits our exposure to factors such as poor patronage and adverse economic conditions. Similarly, for lease arrangements, we seek to negotiate a specific minimum rental commitment for us and structure a variable component into the contract to mitigate lower revenues from economic downturns.

Considering the above, we have made a strategic decision to further acquire new parking facilities. This will allow us to diversify our relatively stable revenue stream and provide more upside potential and opportunities for capital appreciation.

In this respect, we intend to continue to strengthen our portfolio by purchasing parking facilities in addition to the one we already own (Casa Residenza).

To facilitate this plan, we have allocated RM1.0 million from the proceeds of the Proposed Placement comprising:

| **Nature of expenses** | **[1]Timeframe** | **Estimated cost (RM'000)** |
|---|---|---|
| Acquisition of new parking facility | Within 12 months | 800 |
| Purchase of parking access and revenue control systems, signages, and mechanical and electrical expenses | Within 12 months | 200 |
| | | 1,000 |

**Note:**

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

Matrix Parking and Matrix PJ had on 5 December 2018 entered into sale and purchase agreements with Upaya Jernih Sdn Bhd to purchase 12 parcels of property together with accessory parcels forming 665 parking bays located in the basement and podium level of Cova Square (which are currently managed by our Group) for a total cash consideration of RM2,650,000. The cash consideration will be satisfied by a combination of internal generated funds, existing bank borrowings and the proceeds to be raised from the Proposed Listing. This acquisition is conditional upon amongst others, the relevant approvals being obtained for the revision of share units with respect to Matrix Parking and Matrix PJ as the new owner of the parking facility.

**(b) Prospects of our Group**

Parking plays an important role in mobility, access and the economic development of cities. Vehicles have become a fundamental element of mobility and, consequently, parking as well. Parking has increasingly gained importance in urban planning mainly due to urbanisation, rising vehicle ownership and socio-economic development.

As such, the prospects of our Group are largely dependent on the performance of the automotive and property industries. For this purpose, we have engaged Providence to provide an overview and outlook on the parking facility management services industry, automotive industry and property industries in Malaysia. Providence has provided the aforementioned overviews and outlooks in their IMR Report, which is set out in Appendix III. The following is a summary of the findings from the IMR Report.

***Overview and outlook of the parking facility management services industry in Malaysia***

The parking facility management services industry in Malaysia, measured by the value of gross output of car parking services in the country, increased from RM443.4 million in 2006 to RM985.5 million in 2015 at a CAGR of 9.3%. The value of gross output of car parking services in Klang Valley, comprising Selangor and Kuala Lumpur, increased from RM382.5 million in 2010 to RM783.4 million in 2015 at a CAGR of 15.4%.

The parking facility management services in Malaysia is projected to grow from RM985.5 million in 2015 to RM1.3 billion in 2018, recording a CAGR of 8.9%, before further increasing to RM1.5 billion in 2020 at a CAGR of 8.6% between 2015 and 2020.

Demand for parking facility management services in Malaysia is expected to rise on the back of increasing number of parking facilities as a result of growing property supply, increasing number of park-and-ride facilities in Malaysia, and a rise in vehicle ownership.

For the FYE 2017, Matrix Parking's revenue amounted to RM8.7 million. Based on Matrix Parking's revenue relative to the revenues of other identified pure play parking facility management service competitors in Malaysia, Matrix Parking registered a market share of 4.7%. Matrix Parking's PAT margin for the FYE 2017 was 10.6%, exceeding the industry average of -8.4%.

Providence believes that the prospects of Matrix Parking will be supported by the growth in the parking facility management services and automotive market in Malaysia on the back of increasing number of parking facilities as a result of growing property supply, increasing number of park-and-ride facilities in Malaysia, and a rise in vehicle ownership.

*(Source: IMR report by Providence)*

***Overview and outlook of the property industry in Malaysia***

The supply of residential properties in Malaysia increased from 5.1 million units in 2006 to 6.4 million units in 2017 at a CAGR of 2.0%. Commercial development in Malaysia, based on the supply of shops, shopping complexes, purpose-built offices and hotels, also registered positive growth over the same period. Between 2006 and 2017, total supply of shop units increased from 415,149 units to 514,458 units at a CAGR of 2.0%, while shopping complexes registered a CAGR of 4.1% from 11.7 m2 to 18.2 million square metres. Purpose-built offices and hotels registered a CAGR of 2.5% from 18.5 million square metres to 24.4 million square metres and a CAGR of 3.0% from 201,627 rooms to 280,575 rooms respectively between 2006 and 2017.

Malaysia's property market is expected to continue to soften in 2018, where the softening property market has resulted in an increase in unsold residential units (completed and under construction) from 78,869 units in 2016 to 86,620 units in 2017. On the other hand, shop units witnessed a decrease in unsold units (completed and under construction) over the same period, from 11,958 units to 10,435 units. Vacancy rates of shopping complexes and purpose-built offices in Malaysia also decreased between 2016 and the first half of 2017. Over this period, the vacancy rates of shopping complexes decreased marginally from 18.6% to 18.5% while vacancy rates of purpose-built offices decreased from 17.7% to 16.5%.

Nevertheless, the slight decrease in the number of unsold shop units as well as the decrease in the vacancy rates of shopping complexes and purpose-built offices in Malaysia indicates that the country's property market is slowly improving. Coupled with the Government efforts to boost home ownership for the *rakyat* with an allocation of RM2.2 billion under the Budget 2018, the property market in Malaysia is expected to slowly recover.

*(Source: IMR report by Providence)*

***Overview and outlook of the automotive market in Malaysia***

The total industry volume of the automotive market in Malaysia, measured by sale of passenger and commercial vehicles in the country, increased from 490,768 vehicles in 2006 to 576,635 vehicles in 2017 at a CAGR of 1.5%. Passenger vehicles comprised approximately 89.3% (514,679 vehicles) of the sale of passenger and commercial vehicles in 2017. The Malaysian Automotive Association forecasts that the total industry volume of the automotive market Malaysia will increase from 576,635 vehicles in 2017 to approximately 642,700 vehicles in 2022.

In May 2018, the Ministry of Finance announced that the Goods and Services Tax ("**GST**") will be zero rated from 1 June 2018. While the GST was replaced by the Sales and Services Tax ("**SST**") on 1 September 2018 at a rate of 10.0% for vehicles , a tax-free period was created from 1 June 2018 to 31 August 2018. The lower vehicle prices from the 0% GST, coupled with the Ramadan sales in May and June 2018, resulted in a rise in vehicle sales during the three-month period. In June 2018, 64,502 vehicles were sold in Malaysia, recording an increase of 50.1% from the previous month. This further increased to 68,465 vehicles in July 2018. Subsequently, the number of vehicles sold in August 2018 moderated to 65,551 vehicles as the tax-free period came to an end.

Malaysia's automotive market is expected to record positive growth on the back of Malaysia's National Automotive Policy 2014 as well as the measures announced under the Budget 2018, as Malaysia aims to achieve its target of becoming a regional automotive hub for energy-efficient vehicles by 2020.

*(Source: IMR report by Providence)*

***Prospects of our Group***

Premised on the IMR Report, the prospects of Matrix Holdings will be supported by the growth in the parking facility management services and automotive market in Malaysia on the back of increasing number of parking facilities as a result of growing property supply, increasing number of park-and-ride facilities in Malaysia, and a rise in vehicle ownership.

*(Source: IMR report by Providence)*

A number of opportunities for growth exist for parking facility operators, including the following:

- Growth of large property managers, owners and developers

  Over the past several years, there has been a substantial increase in the number of national property managers, owners and developers with multiple locations. Sophisticated property owners consider parking a profit centre that experienced parking facility management companies can maximise. This dynamic is favourable for established parking service providers that can provide specialised, value-added professional services with nationwide coverage. In order to streamline their business, national property managers, owners and developers may potentially seek to consolidate the number of parking facility management companies with whom they conduct business.

- Increased outsourcing of parking management and related services

  We believe that property management managers, owners and developers as well as cities, municipal authorities, hospitals and universities will increasingly engage parking facility management companies to operate parking facilities and provide related services as part of their outsourcing efforts to focus on their core competencies, reduce operating budgets and increase profitability and efficiency.

- Industry consolidation

  The parking management industry is fragmented, with many small regional or local operators. We believe national parking facility managers have a competitive advantage over local and regional operators by reason of their broad product and service offerings; relationships with large, national property managers, developers and owners; efficient cost structure due to economies of scale; and financial resources to invest in infrastructure and information systems.

Our Group is well positioned to assist our customers with their parking facility management requirements through our high quality parking services and by capitalising on our economies of scale and operating efficiency. Premised on the opportunities above and outlook of the industry, our Group is optimistic on the growth potential of our business.

*(Source: Our management)*

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

(The rest of this page has been intentionally left blank)

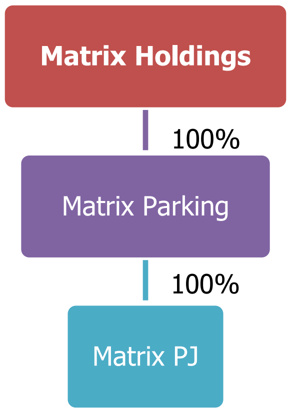
## 3. GENERAL INFORMATION ON OUR GROUP

### 3.1 Incorporation and history

We were incorporated in Malaysia on 8 June 2018 under the Act as a private limited company under the name Matrix Parking Solution Holdings Sdn Bhd. On 14 December 2018, we converted into a public company limited by shares and adopted our present name.

We are an investment holding company. As at the LPD, we only have 2 subsidiaries, namely Matrix Parking and Matrix PJ. Through these subsidiaries, we are principally involved in the business of managing and operating carparks.

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 the LPD is as follows:




Our share capital as at LPD is RM3,001,000 comprising 180,001,000 Shares. The changes in our share capital since our incorporation are as follows:

| Date of allotment | No. of shares allotted | Consideration/ Types of issue | Cumulative share capital |
|---|---|---|---|
| | | | RM |
| 8 June 2018 | 1,000 | Cash | 1,000 |
| 18 September 2018 | 180,000,000 | Issued pursuant to the Acquisition | 3,001,000 |

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

Upon completion of the Proposed Placement, our Company's enlarged share base will be RM5,601,000 comprising 200,001,000 Shares.

As at the LPD, the Directors of Matrix Holdings are Sukumaran, Alex Chin, Chong Mee Lee and Che Ahmad Farisi Bin Che Husin.

### 3.2 Details of the Acquisition

In preparation for our Proposed Listing, on 13 September 2018, we entered into a share sale agreement with the shareholders of Matrix Parking to acquire the entire equity interest in Matrix Parking comprising 1,000,000 ordinary shares for a total purchase consideration of RM3,000,000. The purchase consideration for the Acquisition was satisfied by the issuance of 180,000,000 new Shares to the shareholders of Matrix Parking. The details of the shareholders of Matrix Parking and the number of Shares issued to them pursuant to the Acquisition are as follows:

| Shareholders | No. of Matrix Parking Shares acquired | % of share capital in Matrix Parking | Purchase consideration | No. of Matrix Holdings Shares issued |
|---|---|---|---|---|
| | | | RM | |
| Netton | 685,000 | 68.50 | 2,055,000 | 123,300,000 |
| Sukumaran | 30,000 | 3.00 | 90,000 | 5,400,000 |
| CA Management Services Sdn Bhd | 50,000 | 5.00 | 150,000 | 9,000,000 |
| Chin Lam Yuen | 1,800 | 0.18 | 5,400 | 324,000 |
| Chin Kai Yin | 26,900 | 2.69 | 80,700 | 4,842,000 |
| Chin Wing Kee | 20,000 | 2.00 | 60,000 | 3,600,000 |
| Lean Chee Seng | 105,000 | 10.50 | 315,000 | 18,900,000 |
| Lean Min Tze | 15,000 | 1.50 | 45,000 | 2,700,000 |
| Lean Tonya | 15,000 | 1.50 | 45,000 | 2,700,000 |
| Chin Nguk Foo | 30,000 | 3.00 | 90,000 | 5,400,000 |
| Jayanthi a/p Raja Ratenam | 3,500 | 0.35 | 10,500 | 630,000 |
| Ramzul Bin Hussain | 3,500 | 0.35 | 10,500 | 630,000 |
| Hazni Bin Abdul Aziz | 1,000 | 0.10 | 3,000 | 180,000 |
| Basil Brian Lopez (deceased) | 1,500 | 0.15 | 4,500 | 270,000 |
| Syahrul Idzzuan Mat Said | 2,000 | 0.20 | 6,000 | 360,000 |
| Thilaka a/p Rengamathan | 2,500 | 0.25 | 7,500 | 450,000 |
| Nurul'Ain Jauhariah Bt Mohd Noordin | 1,000 | 0.10 | 3,000 | 180,000 |
| Siti Nursaiha Binti Saimin | 1,000 | 0.10 | 3,000 | 180,000 |
| Nur Faatihah Binti Mohamad | 1,000 | 0.10 | 3,000 | 180,000 |
| Chai Meng Fong | 1,500 | 0.15 | 4,500 | 270,000 |
| Yap Sze Yoke | 1,000 | 0.10 | 3,000 | 180,000 |
| Letchumi Narayanan a/l Gurusamy | 1,800 | 0.18 | 5,400 | 324,000 |
| **Total** | **1,000,000** | **100.00** | **3,000,000** | **180,000,000** |

The Acquisition was completed on 18 September 2018. Thereafter, Matrix Parking and Matrix PJ became our wholly-owned subsidiaries.

The total purchase consideration of RM3,000,000 for the Acquisition was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited consolidated NA of Matrix Parking as at 31 December 2017 of RM3,389,175.

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

## 3.3 Subsidiaries

As at the LPD, we have 2 subsidiaries, namely Matrix Parking and Matrix PJ. We do not have any associated companies. Details of our subsidiaries are set out below.

### 3.3.1 Matrix Parking

Matrix Parking was incorporated in Malaysia on 29 June 2006 under the Companies Act 1965 as a private limited company under the name of Mainland Matrix Sdn Bhd and subsequently changed our name to Matrix Parking Solution Sdn Bhd on 27 September 2013.

Matrix Parking is principally a provider of parking operations and management services. We commenced operations in 2009 when we secured our first parking facility management contract in Petaling Jaya.

As at the LPD, Matrix Parking has 1 subsidiary, namely Matrix PJ, and does not have any associated company.

The share capital of Matrix Parking as at LPD is RM1,000,000 comprising 1,000,000 Shares. The changes in our share capital since our incorporation are as follows:

| Date of allotment | No. of shares allotted | Consideration/ Types of issue | Cumulative share capital |
|---|---|---|---|
| | | | RM |
| 05 July 2006 | 2 | Cash | 2 |
| 30 July 2008 | 64,998 | Cash | 65,000 |
| 24 February 2009 | 80,000 | Cash | 145,000 |
| 24 February 2009 | 35,000 | Cash | 180,000 |
| 20 January 2016 | 480,000 | Cash | 660,000 |
| 10 July 2017 | 340,000 | Cash | 1,000,000 |

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

As at the LPD, the Directors of Matrix Parking are Sukumaran, Alex Chin and Chong Mee Lee.

### 3.3.2 Matrix PJ

Matrix PJ was incorporated as a private limited company in Malaysia on 12 November 2014 under the Companies Act, 1965 under the name Modern Elements Sdn Bhd and subsequently changed its name to its present name on 12 November 2015. Matrix PJ is principally a provider of jockey services and valet parking.

As at the LPD, Matrix PJ does not have any subsidiary or associated company.

Matrix PJ's share capital as at the LPD is RM2 comprising 2 ordinary shares. The changes in the share capital of Matrix PJ since its incorporation are as follows:

| Date of allotment | No. of shares allotted | Consideration/ Types of issue | Cumulative share capital |
|---|---|---|---|
| | | | RM |
| 13 November 2014 | 2 | Cash | 2 |

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

As at the LPD, the Directors of Matrix PJ are Alex Chin and Sukumaran.

## 3.4 Shareholding structure

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

| | As at the LPD | | | | After the Proposed Placement | | | |
|---|---|---|---|---|---|---|---|---|
| | Direct | | Indirect | | Direct | | Indirect | |
| **Shareholders** | **No. of Shares** | **[1]%** | **No. of Shares** | **[1]%** | **No. of Shares** | **[2]%** | **No. of Shares** | **[2]%** |
| Netton | 123,301,000 | 68.5 | - | - | 123,301,000 | 61.7 | - | - |
| Alex Chin | - | - | 123,301,000 | [3]68.5 | - | - | 123,301,000 | [3]61.7 |
| Chong Mee Lee | - | - | 123,301,000 | [3]68.5 | - | - | 123,301,000 | [3]61.7 |
| Sukumaran | 5,400,000 | 3.0 | 9,000,000 | [4]5.0 | 5,400,000 | 2.7 | 9,000,000 | [4]4.5 |
| CA Management Services Sdn Bhd | 9,000,000 | 5.0 | - | - | 9,000,000 | 4.5 | - | - |
| S. Menaha a/p N. Subramaniam | - | - | 9,000,000 | [4]5.0 | - | - | 9,000,000 | [4]4.5 |
| Chin Kai Yin | 4,842,000 | 2.7 | - | - | 4,842,000 | 2.4 | - | - |
| Lean Chee Seng | 18,900,000 | 10.5 | - | - | 18,900,000 | 9.5 | - | - |
| Chin Lam Yuen | 324,000 | 0.2 | - | - | 324,000 | 0.2 | - | - |
| Chin Wing Kee | 3,600,000 | 2.0 | - | - | 3,600,000 | 1.8 | - | - |
| Lean Min Tze | 2,700,000 | 1.5 | - | - | 2,700,000 | 1.3 | - | - |
| Lean Tonya | 2,700,000 | 1.5 | - | - | 2,700,000 | 1.3 | - | - |
| Chin Nguk Foo | 5,400,000 | 3.0 | - | - | 5,400,000 | 2.7 | - | - |
| Jayanthi a/p Raja Ratenam | 630,000 | 0.4 | - | - | 630,000 | 0.3 | - | - |
| Ramzul Bin Hussain | 630,000 | 0.4 | - | - | 630,000 | 0.3 | - | - |
| Hazni Bin Abdul Aziz | 180,000 | 0.1 | - | - | 180,000 | 0.1 | - | - |
| Basil Brian Lopez (deceased) | 270,000 | 0.2 | - | - | 270,000 | 0.1 | - | - |
| Syahrul Idzzuan Mat Said | 360,000 | 0.2 | - | - | 360,000 | 0.2 | - | - |
| Thilaka a/p Rengamathan | 450,000 | 0.3 | - | - | 450,000 | 0.2 | - | - |
| Nurul'Ain Jauhariah Bt Mohd Noordin | 180,000 | 0.1 | - | - | 180,000 | 0.1 | - | - |
| Siti Nursaiha Binti Saimin | 180,000 | 0.1 | - | - | 180,000 | 0.1 | - | - |
| Nur Faatihah Binti Mohamad | 180,000 | 0.1 | - | - | 180,000 | 0.1 | - | - |
| Chai Meng Fong | 270,000 | 0.2 | - | - | 270,000 | 0.1 | - | - |
| Yap Sze Yoke | 180,000 | 0.1 | - | - | 180,000 | 0.1 | - | - |

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

| | As at the LPD | | | | After the Proposed Placement | | | |
|---|---|---|---|---|---|---|---|---|
| | Direct | | Indirect | | Direct | | Indirect | |
| **Shareholders** | **No. of Shares** | **[1]%** | **No. of Shares** | **[1]%** | **No. of Shares** | **[2]%** | **No. of Shares** | **[2]%** |
| Letchumi Narayanan a/l Gurusamy | 324,000 | 0.2 | - | - | 324,000 | 0.2 | - | - |
| Placees to be identified | - | - | - | - | 20,000,000 | 10.0 | - | - |

**Notes:**

(1) Based on our existing share base of 180,001,000 Shares in issue

(2) Based on our enlarged share base of 200,001,000 Shares upon completion of the Proposed Placement

(3) Deemed interested by virtue of Section 8(4) of the Act held through Netton

(4) Deemed interested by virtue of Section 8(4) of the Act held through CA Management Services Sdn Bhd

### 3.5 Cost of investments

Details of the cost of investments in Matrix Parking are as follows:

| Name | Cost of investment RM | Date of investment | No. of shares in Matrix Parking | % | No. of Matrix Holdings Shares issued | Effective cost of investment per Matrix Holdings Share sen |
|---|---|---|---|---|---|---|
| Netton | 685,000 | 4 November 2010 – 150,000 shares<br>20 January 2016 – 378,000 shares<br>10 July 2017 – 157,000 shares | 685,000 | 68.5 | 123,300,000 | 0.56 |
| Sukumaran | 30,000 | 31 October 2008 – 1 share<br>24 February 2009 – 29,999 shares | 30,000 | 3.0 | 5,400,000 | 0.56 |
| CA Management Services Sdn Bhd(1) | 50,000 | 25 January 2018 | 50,000 | 5.0 | 9,000,000 | 0.56 |
| Chin Kai Yin(1) | 26,900 | 25 January 2018 | 26,900 | 2.7 | 4,842,000 | 0.56 |
| Lean Chee Seng(1) | 105,000 | 25 January 2018 | 105,000 | 10.5 | 18,900,000 | 0.56 |
| Chin Lam Yuen(1) | 1,800 | 25 January 2018 | 1,800 | 0.2 | 324,000 | 0.56 |
| Chin Wing Kee(1) | 20,000 | 25 January 2018 | 20,000 | 2.0 | 3,600,000 | 0.56 |
| Lean Min Tze (1) | 15,000 | 25 January 2018 | 15,000 | 1.5 | 2,700,000 | 0.56 |
| Lean Tonya (1) | 15,000 | 25 January 2018 | 15,000 | 1.5 | 2,700,000 | 0.56 |
| Chin Nguk Foo(1) | 30,000 | 25 January 2018 | 30,000 | 3.0 | 5,400,000 | 0.56 |
| Jayanthi a/p Raja Ratenam(1) | 3,500 | 25 January 2018 | 3,500 | 0.4 | 630,000 | 0.56 |
| Ramzul Bin Hussain(1) | 3,500 | 25 January 2018 | 3,500 | 0.4 | 630,000 | 0.56 |
| Hazni Bin Abdul Aziz(1) | 1,000 | 25 January 2018 | 1,000 | 0.1 | 180,000 | 0.56 |
| Basil Brian Lopez (deceased)(1) | 1,500 | 25 January 2018 | 1,500 | 0.2 | 270,000 | 0.56 |
| Syahrul Idzzuan Mat Said(1) | 2,000 | 25 January 2018 | 2,000 | 0.2 | 360,000 | 0.56 |
| Thilaka a/p Rengamathan(1) | 2,500 | 25 January 2018 | 2,500 | 0.3 | 450,000 | 0.56 |
| Nurul'Ain Jauhariah Bt Mohd Noordin(1) | 1,000 | 25 January 2018 | 1,000 | 0.1 | 180,000 | 0.56 |
| Siti Nursaiha Binti Saimin(1) | 1,000 | 25 January 2018 | 1,000 | 0.1 | 180,000 | 0.56 |
| Nur Faatihah Binti Mohamad(1) | 1,000 | 25 January 2018 | 1,000 | 0.1 | 180,000 | 0.56 |
| Chai Meng Fong(1) | 1,500 | 25 January 2018 | 1,500 | 0.2 | 270,000 | 0.56 |
| Yap Sze Yoke(1) | 1,000 | 25 January 2018 | 1,000 | 0.1 | 180,000 | 0.56 |
| Letchumi Narayanan a/l Gurusamy(1) | 1,800 | 25 January 2018 | 1,800 | 0.2 | 324,000 | 0.56 |

**Note:**

(1) These shareholders had on 25 January 2018 acquired 285,000 Matrix Parking shares from Netton and Sukumaran at RM1 each

Pursuant to the Acquisition, we had acquired the entire equity interest in Matrix Parking from its shareholders at a purchase consideration of RM3,000,000. The purchase consideration was satisfied by the issuance of 180,000,000 new Shares to the shareholders of Matrix Parking. Please see Section 3.2 for further details of the Acquisition.

(The rest of this page has been intentionally left blank)

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

### 4.1 Shareholdings

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

| | | As at the LPD | | | | After the Proposed Placement | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Direct | | Indirect | | Direct | | Indirect | |
| **Shareholders** | **Position / Directorship** | **No. of Shares** | **[1]%** | **No. of Shares** | **[1]%** | **No. of Shares** | **[2]%** | **No. of Shares** | **[2]%** |
| Netton | Promoter and substantial shareholder | 123,301,000 | 68.5 | - | - | 123,301,000 | 61.7 | - | - |
| Alex Chin | Promoter, substantial shareholder and Executive Director | - | - | 123,301,000 | [3]68.5 | - | - | 123,301,000 | [3]61.7 |
| Chong Mee Lee | Promoter, substantial shareholder and Executive Director | - | - | 123,301,000 | [3]68.5 | - | - | 123,301,000 | [3]61.7 |
| Sukumaran | Promoter, substantial shareholder,and Executive Director | 5,400,000 | 3.0 | 9,000,000 | [4]5.0 | 5,400,000 | 2.7 | 9,000,000 | [4]4.5 |
| Che Ahmad Farisi Bin Che Husin | Independent Non-Executive Director | - | - | - | - | - | - | - | - |
| CA Management Services Sdn Bhd | Substantial shareholder | 9,000,000 | 5.0 | - | - | 9,000,000 | 4.5 | - | - |
| S. Menaha a/p N. Subramaniam | Substantial shareholder | - | - | 9,000,000 | [4]5.0 | - | - | 9,000,000 | [4]4.5 |
| Lean Chee Seng | Substantial shareholder | 18,900,000 | 10.5 | - | - | 18,900,000 | 9.5 | - | - |
| Chin Kai Yin | Promoter and Senior Manager, Finance and Administration | 4,842,000 | 2.7 | - | - | 4,842,000 | 2.4 | - | - |
| Chin Wing Kee | Promoter | 3,600,000 | 2.0 | - | - | 3,600,000 | 1.8 | - | - |
| Chin Lam Yuen | Promoter | 324,000 | 0.2 | - | - | 324,000 | 0.2 | - | - |

**Notes:**

(1) Based on our share base of 180,001,000 Shares in issue

(2) Based on our enlarged share base of 200,001,000 Shares upon completion of the Proposed Placement

(3) Deemed interested by virtue of Section 8(4) of the Act held through Netton

(4) Deemed interested by virtue of Section 8(4) of the Act held through CA Management Services Sdn Bhd

## 4.2 Profiles

### 4.2.1 Promoters

#### (a) Chin Wing Wah (Alex Chin)

Chin Wing Wah, a Malaysian aged 54, is our Promoter and Executive Director. He was appointed to our Board on 8 June 2018. He is currently a Chartered Accountant registered with the Malaysian Institute of Accountants, and an Associate Member of the Chartered Institute of Management Accountants, United Kingdom since 1991.

Chin Wing Wah began his career as an Auditor in Ho Kiang Theng & Co, an audit firm, in 1985. He then joined Mahajaya Berhad as an Assistant Accountant in 1989. Subsequently, in 1990, he joined Crimson Land Berhad as the Financial Controller. In 2007, he joined Amat Suria Sdn Bhd as Chief Operating Officer, where he was responsible for overseeing the company's daily operations and procedures.

In 2009, Chin Wing Wah was appointed as an Advisor in our Company, a position which he held until February 2015. In 2012, he was appointed as an Independent Director in Meda Inc. Berhad, a position he holds up to today.

Chin Wing Wah was appointed as our Company's Executive Director in March 2015, where he is responsible for setting the strategic direction of our Group and business development. He has more than 9 years of experience in the parking facility management industry.

He is a substantial shareholder and director of Netton, the spouse of Chong Mee Lee, father to Chin Lam Yuen and the brother to Chin Kai Yin and Chin Wing Kee. Save as disclosed, he does not have any family relationship with any other director and/or substantial shareholders of our Group nor does any of his involvement in any businesses outside of our Group give rise to any conflict of interests with our Group.

#### (b) Sukumaran a/l K.S. Nair (Sukumaran)

S. Sukumaran a/l K.S. Nair, a Malaysian aged 64, is our Promoter and Executive Director. He was appointed to our Board on 8 June 2018. He graduated with a Bachelor of Economics with Honours in 1979 from Nottingham University, United Kingdom.

Upon his graduation, Sukumaran began his career as a Principal / Lecturer at Locke Academy in Seremban. In 1985, he joined R.R. Chelliah Bros as a Research Assistant. Subsequently, in 1986, he joined Teluk Kemang Country Resort in Port Dickson as a Marketing / Operations Manager. He then joined Tanjong Ria Group as a Marketing / Operations Manager in 1989. As a Marketing / Operations Manager, his role involved marketing holiday packages and operations management. In 1993, he joined Resort Pantai Dixon, Port Dickson as a General Manager, and in 1994, he joined Halcyon / Pantai Holidays in the same capacity. In 1997, he joined Auto Park Incorporated (M) Sdn Bhd, where he held various managerial positions in the business development, operations, audit, and client relations divisions. Prior to leaving the company in 2008, he held the position of General Manager, Business Development and Client Relations.

Sukumaran joined our Company in May 2008 as General Manager and was subsequently appointed as Director in October 2008. Presently, as Director, Sukumaran is responsible for business development and general operations management. He has more than 20 years of experience in the parking facility management industry, where he was involved in the management of parking operations in parking facilities throughout Malaysia and Indonesia.

He is the spouse of S. Menaha a/p N. Subramaniam, our substantial shareholder and the substantial shareholder and director of CA Management Services Sdn Bhd. Save for the foregoing, he does not have any family relationship with any director and/or substantial shareholders of our Group nor does any of his involvement in any businesses outside of our Group give rise to any conflict of interests with our Group.

**(c) Netton Resources Sdn Bhd (Netton)**

Netton is our Promoter, and was incorporated in Malaysia under the Companies Act, 1965 on 5 September 2000 as a private limited company. As at the LPD, its issued share capital is RM150,000 comprising 150,000 ordinary shares.

Netton is an investment holding and management consulting company. Its directors and shareholders and their respective shareholdings in the Company as at the LPD are as follows:

| | Direct | | Indirect | |
|---|---|---|---|---|
| | **No. of Shares** | **%** | **No. of Shares** | **[1]%** |
| Alex Chin | 75,000 | 50.0 | - | - |
| Chong Mee Lee | 74,999 | 49.9 | - | - |
| Chin Kai Yin | 1 | Negligible | - | - |

**(d) Chong Mee Lee**

Chong Mee Lee, a Malaysian aged 50, is our Promoter and Executive Director. She is a trained accounts officer, having obtained a Diploma in Accounting from London Chamber of Commerce and Industry in 1989. She was appointed to our Board on 8 June 2018.

Chong Mee Lee commenced her career in 1989, where she work in Gill Cheah & Co, a legal firm as an Accounts Clerk. She then joined Salak Park Management Sdn Bhd as an Accounts Assistant in 1990. Subsequently in 1991, she joined Kuala Lumpur Industries Holding Bhd as Accounts Executive. In 2000, she was appointed as Director of Netton. She is responsible for the business operations of Netton.

In 2008, she was one of the pioneer staff of Matrix Parking together with Sukumaran. She is involved in setting up the Accounts and Human Resources departments. In 2012, she was appointed as Director of Matrix Parking, where she remained until now.

She is a substantial shareholder and director of Netton, the spouse of Chin Wing Wah, mother to Chin Lam Yuen and sister-in-law to Chin Kai Yin and Chin Wing Kee. Save as disclosed, she 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.

**(e) Chin Kai Yin**

Chin Kai Yin, a Malaysian aged 47, is our Company's Senior Manager, Finance and Administration and our Promoter. She attained a business qualification from the London Chamber of Commerce and Industry in 1991.

Chin Kai Yin began her career as an Assistant Accountant in Setron Pharmaceuticals (M) Sdn Bhd in 1991. Subsequently, in 1994, she was promoted to Accounts Supervisor. In 1998, she joined Photo Consumer Sdn Bhd as an Accountant and Administrator.

She joined our Company in 2009 as Senior Manager for Finance and Administration. She is responsible for all finance and accounting matters of the Group, including compliance of company financial policies, timely deposit of proceeds and prompt collection.

She is a director of Netton, sister to Chin Wing Wah and Chin Wing Kee and sister-in-law to Chong Mee Lee. Save as disclosed, she 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.

**(f) Chin Lam Yuen**

Chin Lam Yuen, a Malaysian aged 24, is our Promoter. She attained a Bachelor of Science (Hons) in Actuarial Science from the University of Kent, United Kingdom in 2016. She is currently pursuing her Masters in Actuarial Science from the same institute.

She is the daughter of Chin Wing Wah and Chong Mee Lee. Save as disclosed, she 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.

**(g) Chin Wing Kee**

Chin Wing Kee, a Malaysian aged 49, is our Promoter. He graduated from SMK (L) Bukit Bintang in 1986 and furthered his studies in the Federal Institute of Technology in 1988 in Civil Engineering, but did not complete the course. He is currently a Senior Wealth Planner at Prudential Assurance Malaysia Berhad.

Chin Wing Kee began his career in 1989 as a Supervisor in Beauty Furnishing Sdn Bhd, an interior furnishing company and was promoted to Chief Site Coordinator in 1992. He was responsible for calculations of the bill of quantities in tenders, coordination of work progress and supervising sub-contractors.

He left in 1995 to join Prudential Assurance Malaysia Berhad as a sales agent, and was later promoted to Senior Wealth Planner in 2008 where he remains to this day. He is responsible for the marketing of wealth planning products and conducts training. During his tenure there in 2002, he was admitted as a Life Member of the Million Dollar Round Table association in the United States and has maintained this membership ever since.

He is the brother of Chin Wing Wah and Chin Kai Yin as well as brother-in-law to Chong Mee Lee. Save as disclosed, he does not have any family relationship with any director and/or substantial shareholders of our Group nor does any of his involvement in any businesses outside of our Group give rise to any conflict of interests with our Group.

### 4.2.2 Directors

The profiles of Alex Chin, Sukumaran and Chong Mee Lee are set out in Section 4.2.1 above. The profile of our other Director is set out below.

**Che Ahmad Farisi Bin Che Husin**

Che Ahmad Farisi Che Husin, a Malaysian aged 48, is our Independent Non-Executive Director. He graduated with a Bachelor of Laws with honours from the International Islamic University Malaysia in 1997. He was admitted to the Malaysian Bar as an Advocate and Solicitor in August 1998 upon completing his pupillage in the law firm, Messrs Nazri Aziz & Wong. He was appointed to our Board on 8 June 2018.

Upon admission to the Malaysian Bar, Che Ahmad Farisi Che Husin began his career as an Assistant Legal Manager in Crimson Land Berhad in 1998. He then joined Rose Vista Management Services Sdn Bhd as Legal Manager in 2007. Subsequently, in 2009, he joined Lebtech Berhad as a Human Resources Manager and Internal Legal Advisor. As an Internal Legal Advisor in a public listed company, he was involved in liaising with various compliance authorities such as Bursa Securities and Securities Commission Malaysia in relation to compliance with the listing requirements. He then joined Tungling Development Group of Companies in 2015 as General Manager for the Eastern Region, where his responsibilities involve planning, development and overseeing construction activities of the company's projects. Subsequently, in 2017, he started his own law practice under the name of Messrs Farisi Husin & Co, where he continues to practice to date. He was formerly a non-executive director of Matrix Parking from 31 October 2008 to 3 May 2013.

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

### 4.2.3 Substantial shareholders

**(a) CA Management Services Sdn Bhd**

CA Management Services Sdn Bhd, and was incorporated in Malaysia under the Companies Act, 1965 on 15 July 1988 as a private limited company. As at the LPD, its issued share capital is RM2 comprising 2 ordinary shares.

CA Management Services Sdn Bhd is principally involved in the business of property management and investment holding. Its directors are Sukumaran and Alex Chin. Its shareholders and their respective shareholdings in the Company as at the LPD are as follows:

| | **Direct** | | **Indirect** | |
|---|---|---|---|---|
| | **No. of Shares** | **%** | **No. of Shares** | **%** |
| Sukumaran | 1 | 50.0 | - | - |
| S. Menaha a/p N. Subramaniam | 1 | 50.0 | - | - |

**(b) S. Menaha a/p N. Subramaniam**

S. Menaha a/p N. Subramaniam, a Malaysian aged 63, graduated with a Bachelor of Commerce in 1979 from Melbourne University, Australia. Subsequently, in 2000, she obtained a Masters in Business Administration from Charles Darwin University, Australia.

Upon her graduation, S. Menaha a/p N. Subramaniam began her career as a Lecturer at Locke Academy in Seremban in 1979. In 1985, she joined Marks & Spencer Malaysia as a Manager, where her duties involved outlet management, buying and ordering of merchandise, management of staff and accounts. Between 1987 and 1990, she was not in employment. In 1990, she was employed as a Senior Lecturer in Tafe College, Seremban until 2003. Presently, she is not in employment.

She is the wife of Sukumaran and director and substantial shareholder of CA Management Services Sdn Bhd. Save as disclosed, she 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.

**(c) Lean Chee Seng**

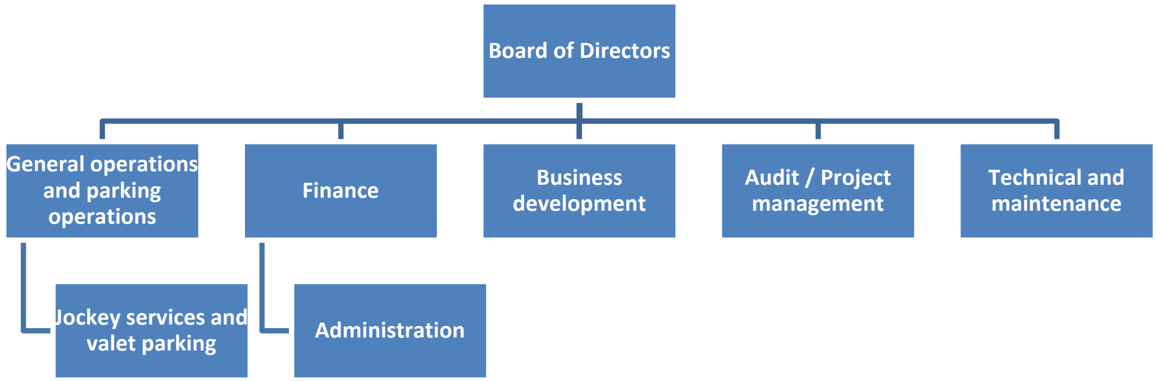
Lean Chee Seng, a Malaysian aged 72, graduated with a Bachelor of Economics with honours in Accounting in 1969 from University of Malaya. Subsequently, in 1989, he obtained a Masters in Business Administration from University of Bath, United Kingdom. He is currently an approved company auditor, an approved company liquidator, an approved co-operative auditor, a Chartered Accountant of the Malaysian Institute of Accountants, a Fellow Member of the Malaysian Institute of Taxation, a Member of the Malaysian Institute of Management, and a Member of the Malaysian Institute of Corporate Governance.

Lean Chee Seng began his career as an Finance Executive in I.C.I. Group (Malaysia) in 1969. After a short stint, he joined Anglo Oriental (M) Group as an Accountant in the same year. In 1973, he joined Coopers & Lybrand as a Management Consultant, where he provided insight into the workings and management of a range of industries. In the following year, he joined Goonting & Chew as a Senior Manager. Subsequently, in 1976, he started his own professional practice, Lean Oh & Associates, which offers auditing and accounting services as well as corporate and financial advisory services. In 2005, he was appointed as an Independent Non-Executive Director of Crimson Land Berhad and subsequently in December 2005, he was appointed as Executive Director. He resigned from the board of directors of Crimson Land Berhad in February 2009 to focus on his consultancy business to this day.

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

### 4.2.4 Organisation chart

The following depicts the organisational chart of our Group:




## 4.3 Employees

As at LPD, we have 70 employees (including our Executive Directors), all of whom are Malaysian and employed as full-time employees.

None of our employees belong to any labour union. The relationship and cooperation between our management and our employees have been good and we expect this to continue in the future. Over the FYEs 2016 and 2017 and FPE 2018, there have been no incidents or disputes pertaining to our employees which have has materially affected our operations.

(The rest of this page has been intentionally left blank)

## 4.4 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 3 years up to the LPD:

### (a) Alex Chin

| Company | Principal activities | Position held | Date of appointment | Date of resignation | % of shareholdings held Direct | % of shareholdings held Indirect |
|---|---|---|---|---|---|---|
| **Present involvement** | | | | | | |
| Jebcon Sdn Bhd | Investment holding and property development | Director/ Shareholder | 13 April 2017 | - | 50.0 | - |
| Netton | Investment holding | Director/ Shareholder | 25 January 2011 | - | 50.0 | - |
| Meda Inc. Berhad | Investment holding and property development | Independent Non-Executive Director / Shareholder | 1 August 2012 | - | 0.16 | - |
| Matrix Management Solution Sdn Bhd | Property management | Director / Shareholder | 13 April 2017 | - | 50.0 | - |
| CA Management Services Sdn Bhd | Investment holding and property management | Director | 30 January 2015 | - | - | - |
| Inner Innovative Sdn Bhd | Provision of consultancy services | Shareholder | - | - | - | (1)100.0 |

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

| Company | Principal activities | Position held | Date of appointment | Date of resignation | % of shareholdings held Direct | % of shareholdings held Indirect |
|---|---|---|---|---|---|---|
| Mainland Symbol Sdn Bhd | Property investment | Shareholder | - | - | - | [(1)]35.0 |
| Mainland Avenue Sdn Bhd | Property investment | Shareholder | - | - | - | [(1)]100.0 |
| Simplex Equity Sdn Bhd | Property investment | Shareholder | - | - | - | [(1)]50.0 |
| CLC Management Services Sdn Bhd | Property management | Shareholder | - | - | - | [(2)]100.0 |
| Janit Sdn Bhd | Property management | Shareholder | - | - | - | [(2)]100.0 |
| MCB Enterprise Sdn Bhd | Property management | Shareholder | - | - | - | [(2)]100.0 |
| **Past involvement** | | | | | | |
| Courtyard Network Sdn Bhd | Investment holding | Shareholder (ceased on 16 October 2018) | - | - | - | - |
| Crimson Permai Sdn Bhd | Property development | Director | 30 January 2009 | 2 July 2016 | - | - |

**Notes:**

(1) Deemed interest by virtue of his shareholdings in Netton pursuant to Section 8 of the Act.
(2) Deemed interest by virtue of his shareholdings in Jebcon Sdn Bhd pursuant to Section 8 of the Act.

**(b) Sukumaran**

| Company | Principal activities | Position held | Date of appointment | Date of resignation | % of shareholdings held: Direct | % of shareholdings held: Indirect |
|---|---|---|---|---|---|---|
| **Present involvement** | | | | | | |
| Exquisite Peace Sdn Bhd | Investment holding | Director/ Shareholder | 12 May 2014 | - | 50.0 | - |
| Matrix Management Solution Sdn Bhd | Property management | Director/ Shareholder | 16 July 2012 | - | 50.0 | - |
| CA Management Services Sdn Bhd | Investment holding and property management | Director/ Shareholder | 30 December 2017 | - | 50.0 | - |
| Excellent Student Solution Sdn Bhd | Property management | Director/ Shareholder | 13 January 2014 | - | - | (1)100.0% |
| Crimson Setia Sdn Bhd | Investment holding | Shareholder | - | - | - | (1)100.0% |
| Crimson Commercial Park Sdn Bhd | Property development | Shareholder | - | - | - | (2)100.0% |

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

| Company | Principal activities | Position held | Date of appointment | Date of resignation | % of shareholdings held Direct | % of shareholdings held Indirect |
|---|---|---|---|---|---|---|
| Crimson Ria Management Services Sdn Bhd | Property management | Shareholder | - | - | - | (2)100.0% |
| JLC Management Services Sdn Bhd | Property management | Shareholder | - | - | - | (2)100.0% |
| **Past involvement** | | | | | | |
| Courtyard Network Sdn Bhd | Investment holding | Director | 2 January 2015 | 27 August 2018 | - | - |
| Crimson Permai Sdn Bhd | Property development | Director | 2 January 2015 | 27 August 2018 | - | - |
| Rose Vista Management Services Sdn Bhd | Property management | Director | 11 June 2013 | 2 February 2016 | - | - |

**Note:**

(1) Deemed interest by virtue of his shareholdings in Exquisite Peace Sdn Bhd pursuant to Section 8 of the Act.
(2) Deemed interest by virtue of his indirect shareholdings in Crimson Setia Sdn Bhd pursuant to Section 8 of the Act.

**(c) Lean Chee Seng**

| Company | Principal activities | Position held | Date of appointment | Date of resignation | % of shareholdings held: Direct | % of shareholdings held: Indirect |
|---|---|---|---|---|---|---|
| **Present involvement** | | | | | | |
| Matagoda Holdings Sdn Bhd | Investment holding | Director/ Shareholder | 18 December 1995 | - | 30.0 | - |
| Majumara (M) Sdn Bhd | Dormant | Director/ Shareholder | 24 March 2009 | - | 50.0 | - |
| Golden Sun Pitaya Sdn Bhd | Dormant | Director/ Shareholder | 31 October 2008 | - | 50.0 | - |
| Leanco Sdn Bhd | Dormant | Director/ Shareholder | 20 February 2008 | - | 50.0 | - |
| Ibacus Sdn Bhd | Dormant | Director / Shareholder | 12 April 2000 | - | 50.0 | - |
| Sum Tree Sdn Bhd | Provision of insolvency and financial management consulting services | Director/ Shareholder | 24 November 2003 | - | 50.0 | - |
| Crimson Setia Sdn Bhd | Investment holding | Director | 1 April 2014 | - | - | - |
| CLC Management Services Sdn Bhd | Property management | Director | 28 February 2014 | - | - | - |
| Janit Sdn Bhd | Property management | Director | 28 February 2014 | - | - | - |

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

| Company | Principal activities | Position held | Date of appointment | Date of resignation | % of shareholdings held Direct | Indirect |
|---|---|---|---|---|---|---|
| Exquisite Peace Sdn Bhd | Investment holding | Director | 1 April 2014 | - | - | - |
| Simplex Equity Sdn Bhd | Property investment | Director | 3 March 2014 | - | - | - |
| Intax Management Sdn Bhd | Provision of tax consulting services | Director | 2 January 1995 | - | - | - |
| PP Plaza Management Services Sdn Bhd | Dormant | Director | 9 July 2014 | - | - | - |
| MCB Enterprise Sdn Bhd | Property management | Director | 28 February 2014 | - | - | - |
| JLC Management Services Sdn Bhd | Property management | Director | 28 February 2014 | - | - | - |
| Crimson Ria Management Services Sdn Bhd | Property management | Director | 28 February 2014 | - | - | - |
| Crimson Commercial Park Sdn Bhd | Property development | Director | 28 February 2014 | - | - | - |
| True Point Sdn Bhd | Dormant | Shareholder | - | - | 20.0 | - |

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

| Company | Principal activities | Position held | Date of appointment | Date of resignation | % of shareholdings held: Direct | % of shareholdings held: Indirect |
|---|---|---|---|---|---|---|
| **Past involvement** | | | | | | |
| CA Management Services Sdn Bhd | Investment holding and property management | Director | 28 February 2014 | 30 December 2017 | - | - |
| Parking Solution Management Sdn Bhd (formerly known as Matrix Parking Solution Group Sdn Bhd) | Dormant | Director | 28 February 2014 | 22 June 2017 | - | - |
| Jebcon Sdn Bhd | Investment holding and property development | Director | 28 February 2014 | 2 February 2016 | - | - |

**(d) Chong Mee Lee**

| Company | Principal activities | Position held | Date of appointment | Date of resignation | % of shareholdings held: Direct | % of shareholdings held: Indirect |
|---|---|---|---|---|---|---|
| **Present involvement** | | | | | | |
| Netton | Investment holding | Director/ Shareholder | 1 December 2000 | - | 49.9 | - |

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

| | | | | | % of shareholdings held | |
|---|---|---|---|---|---|---|
| **Company** | **Principal activities** | **Position held** | **Date of appointment** | **Date of resignation** | **Direct** | **Indirect** |
| MCB Enterprise Sdn Bhd | Property management | Director | 28 February 2014 | - | - | - |
| Janit Sdn Bhd | Property management | Director | 28 February 2014 | - | - | - |
| CLC Management Services Sdn Bhd | Property management | Director | 28 February 2014 | - | - | - |
| Simplex Equity Sdn Bhd | Property investment | Director/ Shareholder | 3 March 2014 | - | - | (1)50.0 |
| Inner Innovative Sdn bhd | Provision of consultancy services | Director/ Shareholder | 30 November 2012 | - | - | (1)100.0 |
| Mainland Avenue Sdn Bhd | Property investment | Director/ Shareholder | 30 November 2012 | - | - | (1)100.0 |
| JLC Management Services Sdn Bhd | Property management | Director | 28 February 2014 | - | - | - |
| Crimson Ria Management Services Sdn Bhd | Property management | Director | 28 February 2014 | - | - | - |
| Crimson Commercial Park Sdn Bhd | Property development | Director | 28 February 2014 | - | - | - |

| Company | Principal activities | Position held | Date of appointment | Date of resignation | % of shareholdings held Direct | % of shareholdings held Indirect |
|---|---|---|---|---|---|---|
| Mainland Symbol Sdn Bhd | Property investment | Shareholder | - | - | - | [(1)]35.0 |
| **Past involvement** | | | | | | |
| Courtyard Network Sdn Bhd | Investment holding | Shareholder (ceased on 16 October 2018) | - | - | - | - |
| Crimson Permai Sdn Bhd | Property development | Director | 1 July 2016 | 27 August 2018 | - | - |
| Parking Solution Management Sdn Bhd (formerly known as Matrix Parking Solution Group Sdn Bhd) | Dormant | Director | 28 February 2014 | 22 June 2017 | - | - |
| Jebcon Sdn Bhd | Investment holding and property development | Director | 28 February 2014 | 2 February 2016 | - | - |

**Note:**

(1) Deemed interest by virtue of her shareholdings in Netton pursuant to Section 8 of the Act.

**(e) Chin Kai Yin**

| Company | Principal activities | Position held | Date of appointment | Date of resignation | % of shareholdings held Direct | Indirect |
|---|---|---|---|---|---|---|
| **Present involvement** | | | | | | |
| Mainland Avenue Sdn Bhd | Property investment | Director | 15 December 2009 | - | - | - |
| Netton | Investment holding | Director / Shareholder | 29 September 2010 | - | negligible | - |
| Inner Innovative Sdn Bhd | Provision of consultancy services | Director | 20 May 2010 | - | - | - |
| Crimson Setia Sdn Bhd | Investment holding | Director | 30 November 2010 | - | - | - |
| Mainland Symbol Sdn Bhd | Property investment | Director | 3 December 2010 | - | - | - |

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

### (f) Che Ahmad Farisi Bin Che Husin

| | | | | | % of shareholdings held | |
|---|---|---|---|---|---|---|
| **Company** | **Principal activities** | **Position held** | **Date of appointment** | **Date of resignation** | **Direct** | **Indirect** |
| **Present involvement** | | | | | | |
| Bukit Tinggi Agrotech Sdn Bhd | Dormant | Director/ Shareholder | 20 October 2016 | - | 50.0 | - |
| Amansetia Agrotech Sdn Bhd | Dormant | Director/ Shareholder | 31 May 2016 | - | 50.0 | - |
| WW Amansetia Sdn Bhd | Dormant | Director/ Shareholder | 6 November 2014 | - | 70.0 | - |
| Lentang Agrotech Sdn Bhd | Dormant | Director/ Shareholder | 20 October 2016 | - | 50.0 | - |
| Parking Solution Management Sdn Bhd | Dormant | Director | 22 June 2017 | - | 50.0 | - |
| Keris Development Sdn Bhd | Property development | Director | 21 June 2017 | - | - | - |
| Mainland Symbol Sdn Bhd | Property investment | Director | 6 April 2016 | - | - | - |
| **Past involvement** | | | | | | |
| Tanjung Kesuma Sdn Bhd | Property development | Director | 15 September 2015 | 31 October 2016 | - | - |

**(g) S. Menaha a/p N. Subramaniam**

| Company | Principal activities | Position held | Date of appointment | Date of resignation | % of shareholdings held Direct | % of shareholdings held Indirect |
|---|---|---|---|---|---|---|
| **Present involvement** | | | | | | |
| CA Management Services Sdn Bhd | Investment holding and property management | Shareholder | - | - | 50.0 | - |

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

## 4.5 Interests in similar business

None of our Directors, Promoters, major shareholders and key management personnel has any interest in other business similar to those of our Group.

### 4.6 Declaration by our Directors

None of our Directors:

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

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

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

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

(The rest of this page has been intentionally left blank)

## 5. RELATED PARTY TRANSACTIONS

Save as disclosed below, for the past FYEs 2016 and 2017 and subsequent period 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:

| Transacting parties | Company within our Group | Interested Promoters/ Directors/ Substantial shareholder/ Key management personnel | Nature of relationship | Nature of transaction | Value of expense FYE 2016 | | |
|---|---|---|---|---|---|---|---|
| | | | | | FYE 2016 | FYE 2017 | LPD |
| | | | | | RM | | |
| Mainland Avenue Sdn Bhd | Matrix Parking | Netton, Alex Chin, Chong Mee Lee and Chin Kai Yin | Mainland Avenue Sdn Bhd is wholly owned by our major shareholder and Promoter, Netton<br><br>Alex Chin is our Promoter, Executive Director and major shareholder through his shareholdings in Netton. He is the brother of Chin Kai Yin and spouse of Chong Mee Lee.<br><br>Chong Mee Lee is our Promoter, Executive Director and major shareholder through her shareholdings in Netton. She is also a director of Mainland Avenue Sdn Bhd.<br><br>Chin Kai Yin is our Promoter and Senior Manager, Finance and Administration. She is a director of Mainland Avenue | Rental of office premises | 45,600 | 45,600 | 36,000 |

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

| Transacting parties | Company within our Group | Interested Promoters/ Directors/ Substantial shareholder/ Key management personnel | Nature of relationship | Nature of transaction | Value of expense FYE 2016 | FYE 2017 | LPD |
|---|---|---|---|---|---|---|---|
| | | | | | RM | RM | RM |
| | | | Sdn Bhd. She is also a director and shareholder of Netton. | | | | |
| Netton | Matrix Parking | Netton, Alex Chin, Chong Mee Lee and Chin Kai Yin | Netton is our Promoter and major shareholder.<br><br>Alex Chin is our Promoter, Executive Director and major shareholder through his shareholdings in Netton. He is the brother of Chin Kai Yin and spouse of Chong Mee Lee.<br><br>Chong Mee Lee is our Promoter, Executive Director and major shareholder through her shareholdings in Netton. She is also a director of Netton.<br><br>Chin Kai Yin, our Promoter and Senior Manager, Finance and Administration, is a director and shareholder of Netton. | Rental of office premises | 36,000 | 36,000 | 28,000 |
| Simplex Equity Sdn Bhd | Matrix Parking | Netton, Alex Chin, Chong Mee Lee, Chin Kai Yin and Lean Chee Seng | Netton is our Promoter, major shareholder and also owns 50% equity interest in Simplex Equity Sdn Bhd. | Rental of parking site | 60,000 | 60,000 | 72,000 |

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

| Transacting parties | Company within our Group | Interested Promoters/ Directors/ Substantial shareholder/ Key management personnel | Nature of relationship | Nature of transaction | Value of expense FYE 2016 | FYE 2017 | LPD |
|---|---|---|---|---|---|---|---|
| | | | | | RM | | |
| | | | Alex Chin is our Promoter, Executive Director and major shareholder through his shareholdings in Netton. He is the brother of Chin Kai Yin and spouse of Chong Mee Lee. | | | | |
| | | | Chong Mee Lee is our Promoter, Executive Director and major shareholder through her shareholdings in Netton. She is also a director of Netton and Simplex Equity Sdn Bhd. | | | | |
| | | | Chin Kai Yin, our Promoter and Senior Manager, Finance and Administration, is a director and shareholder of Netton. | | | | |
| | | | Lean Chee Seng, our major shareholder is a director of Simplex Equity Sdn Bhd. | | | | |

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. Our interested Directors had abstained from the deliberation and voting on the resolutions pertaining to these related party transactions.

To ensure that the related party transactions disclosed above as well as those in future are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures, policies and controls:

(i) At least 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

(ii) 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.

Moving forward, to mitigate any potential conflict of interest arising from any related party transactions, our Board shall seek the approval from our non-interested shareholders for a mandate to continue to enter into such transactions at the next general meeting of our Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such transactions in our ordinary course of business without the need to convene numerous general meetings to approve such transactions as and when they are entered into.

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

Additionally, 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. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

Further, our Directors 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 non-interested Directors will then evaluate if such Director's involvement gives rise to a potential conflict of interest situation with our Group's business. If a conflict of interest situation is identified, the non-interested Directors will:

(i) Immediately inform our Board of the conflict of interest situation;

(ii) Make recommendations to our Board to direct the conflicted Director to:

  (a) 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); and

  (b) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b) above, the interested Director shall abstain from any Board discussion relating to the recommendation of our Board and the interested Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The interested 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.

(The rest of this page has been intentionally left blank)

## 6. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS THEREON

The historical financial information of our Group for FYEs 2016 and 2017 is presented based on the audited combined financial statements of Matrix Holdings. The historical financial information of our Group for the FPEs 2017 and 2018 is presented based on the unaudited combined financial statements of Matrix Holdings.

Our combined financial statements for FYEs 2016 and 2017 were audited by Tan Chin Huat & Co and STYL Associates respectively. The audited financial statements for FYEs 2016 and 2017 have been prepared in accordance with approved accounting standards issued by the Malaysian Accounting Standards Board. The audited financial statements for FYEs 2016 and 2017 are set out in Appendix I. The combined financial statements for FPEs 2017 and 2018 have not been audited. Please refer to Appendix II of this Information Memorandum for the unaudited combined financial statements for FPEs 2017 and 2018.

Sophisticated Investors should note that our Group intends to increase our business and presence in Malaysia, and will carry out the expansion plans as set out in Section 2.12. As such, our Group will incur additional expenses and/or liabilities not included in the analysis in this section, and the historical financial information included in this Information Memorandum does not purport 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 our audited combined statements of profit or loss and other comprehensive income for FYEs 2016 and 2017 as well as our unaudited combined statements of profit and loss and other comprehensive income for FPEs 2017 and 2018:

| | Audited | | Unaudited | |
|---|---|---|---|---|
| | FYE 2016 | FYE 2017 | FPE 2017 | FPE 2018 |
| | RM | RM | RM | RM |
| Revenue | 6,489,535 | 8,669,297 | 5,364,204 | 6,196,050 |
| Direct costs | (3,374,235) | (4,203,888) | (2,568,486) | (2,880,006) |
| Gross profit | 3,115,300 | 4,465,409 | 2,795,718 | 3,316,044 |
| Other income | 1,725 | 101,747 | 47,007 | 29,580 |
| Operating expenses | (2,785,972) | (3,279,401) | (2,112,610) | (2,248,660) |
| Finance costs | (66,461) | (139,507) | (68,114) | (72,881) |
| PBT | 264,592 | 1,148,248 | 662,001 | 1,024,083 |
| Taxation | (60,343) | (231,178) | (127,456) | (214,638) |
| PAT | 204,249 | 917,070 | 534,545 | 809,445 |
| Other comprehensive income, net of tax | - | (1)1,594,651 | - | - |
| Total comprehensive income for the financial year | 204,249 | 2,511,721 | 534,545 | 809,445 |
| Basic/Diluted gross EPS (sen) (2) | 0.13 | 0.57 | 0.33 | 0.51 |
| Basic/Diluted net EPS (sen) (3) | 0.10 | 0.46 | 0.27 | 0.40 |

**Notes:**

(1) Consists of revaluation gain on property, plant and equipment conducted by PPC International Sdn Bhd, net of deferred taxation

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

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

### 6.2 Historical combined statements of financial position

The following table sets out our audited combined statements of financial position as at 31 December 2016 and 2017 as well as our unaudited combined statements of financial position as at 31 August 2017 and 2018:

| | Audited as at | | Unaudited as at | |
|---|---|---|---|---|
| | **31 December 2016** | **31 December 2017** | **31 August 2017** | **31 August 2018** |
| | **RM** | **RM** | **RM** | **RM** |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 2,219,922 | 4,080,152 | 2,225,173 | 3,986,412 |
| Deferred tax assets | 2,480 | - | - | - |
| Total non-current assets | 2,222,402 | 4,080,152 | 2,225,173 | 3,986,412 |
| **Current assets** | | | | |
| Trade receivables | 257,089 | 376,637 | 287,254 | 404,754 |
| Other receivables, prepaid expenses and refundable deposits | 509,147 | 574,323 | 753,815 | 725,370 |
| Amount owing by holding company | 77,119 | - | - | - |
| Tax recoverable | 79,669 | - | - | - |
| Deposits with financial institution | 100,000 | 199,278 | 187,690 | 200,666 |
| Cash and bank balances | 72,796 | 1,055,150 | 562,229 | 1,349,049 |
| Total current assets | 1,095,820 | 2,205,388 | 1,790,988 | 2,679,839 |
| **TOTAL ASSETS** | **3,318,222** | **6,285,540** | **4,016,161** | **6,666,251** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share capital | 660,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Retained earnings | 217,454 | 794,524 | 751,998 | 1,603,969 |
| Revaluation reserves | - | 1,594,651 | - | 1,594,651 |
| **Total equity attributable to owners of the Company** | **877,454** | **3,389,175** | **1,751,998** | **4,198,620** |
| **Non-current liabilities** | | | | |
| Term loans | 779,144 | 1,234,082 | 1,321,517 | 1,030,167 |
| Deferred tax liabilities | - | 322,100 | - | 322,100 |
| Total non-current liabilities | 779,144 | 1,556,182 | 1,321,517 | 1,352,267 |

| | Audited as at | | Unaudited as at | |
|---|---|---|---|---|
| | **31 December 2016** | **31 December 2017** | **31 August 2017** | **31 August 2018** |
| | **RM** | **RM** | **RM** | **RM** |
| **Current liabilities** | | | | |
| Other payables and accrued expenses | 742,410 | 685,384 | 468,680 | 794,181 |
| Hire purchase creditor | 11,533 | - | - | - |
| Bank overdraft | - | 312,261 | 221,254 | 93 |
| Amount owing to director | 697,205 | - | - | - |
| Term loans | 210,476 | 235,504 | 235,504 | 235,504 |
| Tax liabilities | - | 107,034 | 17,208 | 85,586 |
| Total current liabilities | 1,661,624 | 1,340,183 | 942,646 | 1,115,364 |
| **TOTAL LIABILITIES** | 2,440,768 | 2,896,365 | 2,264,163 | 2,467,631 |
| **TOTAL EQUITY AND LIABILITIES** | **3,318,222** | **6,285,540** | **4,016,161** | **6,666,251** |

## 6.3 Historical combined statements of cash flows

The following table sets out our audited combined statements of cash flows for FYEs 2016 and 2017 as well as our unaudited combined statements of cash flows for FPEs 2017 and 2018:

| | Audited | | Unaudited | |
|---|---|---|---|---|
| | **FYE 2016** | **FYE 2017** | **FPE 2017** | **FPE 2018** |
| | **RM** | **RM** | **RM** | **RM** |
| **Cash flows from operating activities** | | | | |
| PBT | 264,592 | 1,148,248 | 662,001 | 1,024,083 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 406,823 | 566,500 | 361,747 | 353,536 |
| Finance costs | 66,461 | 139,507 | 68,114 | 72,881 |
| Interest income | (90) | (19,652) | (87) | (14,770) |
| **Operating profit before working capital changes** | 737,786 | 1,834,603 | 1,091,775 | 1,435,730 |
| Changes in working capital: | | | | |
| Increase in trade receivables | (92,252) | (119,548) | (30,165) | (28,117) |
| Increase in other receivables, prepaid expenses and refundable deposits | (6,300) | (65,176) | (244,668) | (151,047) |
| Decrease in amount owing by holding company | 36,000 | 77,119 | 77,119 | - |
| Increase/(Decrease) in other payables and accrued expenses | 71,257 | (57,026) | (273,730) | 108,797 |
| Increase/(Decrease) in amount owing to directors | 217,374 | (697,205) | (697,205) | - |
| Decrease in amount owing to holding company | (250,000) | - | - | - |
| Cash generated from/(used in) operations | 713,865 | 972,767 | (76,874) | 1,365,363 |

| | **Audited** | | **Unaudited** | |
|---|---|---|---|---|
| | **FYE 2016** | **FYE 2017** | **FPE 2017** | **FPE 2018** |
| | **RM** | **RM** | **RM** | **RM** |
| Interest paid | (66,461) | (139,507) | (68,114) | (72,881) |
| Interest income | 90 | 19,652 | 87 | 14,770 |
| Tax paid | (103,330) | (99,996) | (30,579) | (236,086) |
| Tax refund | - | 36,085 | - | - |
| **Net cash from/(used in) operating activities** | **544,164** | **789,001** | **(175,480)** | **1,071,166** |
| | | | | |
| **Cash flows from investing activity** | | | | |
| Purchase of property, plant and equipment | (507,605) | (488,063) | (364,519) | (259,796) |
| **Net cash used in investing activity** | **(507,605)** | **(488,063)** | **(364,519)** | **(259,796)** |
| | | | | |
| **Cash flows from financing activities** | | | | |
| Proceeds from drawdown of term loans | 600,000 | 1,000,000 | 1,000,000 | - |
| Proceeds from issuance of shares | 480,000 | 340,000 | 340,000 | - |
| Repayment of hire purchase obligations | (107,828) | (11,533) | (11,533) | - |
| Repayment of term loan obligations | (196,161) | (520,034) | (432,599) | (203,915) |
| Increase in fixed deposits pledged with licensed bank | - | (99,278) | (87,690) | (1,388) |
| Dividends paid | (480,000) | (340,000) | - | - |
| **Net cash from/(used in) financing activities** | **296,011** | **369,155** | **808,178** | **(205,303)** |
| | | | | |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | 332,570 | 670,093 | 268,179 | 606,067 |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR** | (259,774) | 72,796 | 72,796 | 742,889 |
| | | | | |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR (Forward)** | **72,796** | **742,889** | **340,975** | **1,348,956** |
| | | | | |
| **Cash and cash equivalents at end of year consist of** | | | | |
| Cash and bank balances | 72,796 | 1,055,150 | 562,229 | 1,349,049 |
| Bank overdraft | - | (312,261) | (221,254) | (93) |
| | 72,796 | 742,889 | 340,975 | 1,348,956 |

## 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 as set out in Appendix I.

### 6.4.1 Overview of our operations

(i) **Principal activities**

Our Group is principally involved in the provision of parking operation and management services as well as jockey services and valet parking.

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

(ii) **Revenue**

Our revenue is recognised on an accrual basis, when services are rendered, and represents the invoiced value of these services.

Our revenue comprises parking fee collection, management fees received, season parking charges and jockey service and valet parking charges.

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

(i) The state of the property industry and automotive sector in Malaysia, which may affect the demand for our car park management services and patronage of parking facilities;

(ii) Our ability to retain existing customers and/or secure new customers, which depends on the quality and competitiveness of our services and our ability to meet customers' specifications and expectation;

(iii) The level of competition in Malaysia which may affect our prices; and

(iv) The extent of vehicle ownership, changes in transportation and traffic patterns and existence of alternatives to parking in Malaysia such as e-hailing services.

(iii) **Other income**

Our other income comprises interest income and car park installation fees, which are not substantial.

(iv) **Direct costs**

Our direct costs mainly comprises license fees/rent to parking facility owners, direct labour, security fees and share of revenue to parking facility owners.

(v) **Operating expenses**

Our operating expenses can be segregated into depreciation, staff costs and directors' remuneration, general administrative expenses, upkeep of parking equipment and others, general repair and rental of office premises.

(vi) **Recent developments**

There were no significant events subsequent to our Group's audited combined financial statements for FYE 2017, save for the sale and purchase agreements dated entered into with Upaya Jernih Sdn Bhd to purchase 12 parcels of property together with accessory parcels forming 665 parking bays located in the basement and podium level of Cova Square (which are currently managed by our Group) for a total cash consideration of RM2,650,000.

(vii) **Exceptional and extraordinary items and audit qualifications**

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

(viii) **Significant factors affecting our business**

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

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

### 6.4.2 Review of results of operations

**(a) Revenue**

The table below summarises the breakdown of our revenue for FYEs 2016 and 2017 and FPEs 2017 and 2018:

| | **Audited** | | | | **Unaudited** | | | |
|---|---|---|---|---|---|---|---|---|
| | **FYE 2016** | | **FYE 2017** | | **FPE 2017** | | **FPE 2018** | |
| | **RM'000** | **%** | **RM'000** | **%** | **RM'000** | **%** | **RM'000** | **%** |
| **Lease arrangement** | | | | | | | | |
| Parking revenue | 5,961 | 91.8 | 7,330 | 84.6 | 4,511 | 84.1 | 5,285 | 85.3 |
| **Management contract** | | | | | | | | |
| Management fees | 434 | 6.7 | 1,233 | 14.2 | 789 | 14.7 | 848 | 13.7 |
| **Owned parking facility** | | | | | | | | |
| Parking revenue | 91 | 1.4 | 72 | 0.8 | 41 | 0.8 | 42 | 0.7 |
| Jockey charges and valet parking | 4 | 0.1 | 34 | 0.4 | 23 | 0.4 | 21 | 0.3 |
| | **6,490** | **100.0** | **8,669** | **100.0** | **5,364** | **100.0** | **6,196** | **100.0** |

The number of parking sites under lease arrangement and management contract are respectively disclosed in the following table:

| | FYE 2016 | FYE 2017 | FPE 2017 | FPE 2018 |
|---|---|---|---|---|
| | No. of parking sites | No. of parking sites | No. of parking sites | No. of parking sites |
| Lease arrangement | 10 | 13 | 13 | 17 |
| Management contract | 3 | 5 | 5 | (1)4 |
| Owned parking facility | 1 | 1 | 1 | 1 |
| | 14 | 19 | 19 | 22 |

**Note:**

(1) The management of the Fraser Place parking facility was renegotiated from management contract to lease arrangement in FPE 2018.

**FYE 2016 compared to FYE 2017**

Our revenue increased by RM2.2 million or 33.6% in FYE 2017 as compared to FYE 2016. The increase was mainly due to the full year contribution of 6 new parking sites to our portfolio during FYE 2016, and another 5 new sites in FYE 2017.

Of the 6 sites secured in 2016, 1 site had commenced operations in March 2016, 3 sites commenced in August 2016 and 2 sites commenced in September 2016 and December 2016 respectively. The full year's revenue from these sites were recognised in FYE 2017, which contributed the increase in revenue.

The increase was partially offset by the non-renewal of 2 contracts because they were loss-making, and we could not negotiate for a lower licensing fee.

**FPE 2017 compared to FPE 2018**

In FPE 2018, our revenue increased by 0.8 million or 15.5% compare to FPE 2017. The improvement is mainly due to the full year's revenue for 5 new sites secured in FYE 2017 being recognised in FPE 2018 and the 3 new sites secured in FPE 2018.

**(b) Direct costs and GP**

The analysis of our direct costs, GP and GP margins and the year-on-year commentary for the financial years under review is explained below.

| | Audited | | | | Unaudited | | | |
|---|---|---|---|---|---|---|---|---|
| | FYE 2016 | | FYE 2017 | | FPE 2017 | | FPE 2018 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| **Lease arrangement** | | | | | | | | |
| License fees/Rental of parking facilities | 2,587 | 76.7 | 3,152 | 75.0 | 1,932 | 75.2 | 2,138 | 74.2 |
| Direct labour | 413 | 12.2 | 531 | 12.7 | 331 | 12.9 | 459 | 15.9 |
| Security services | 149 | 4.4 | 169 | 4.0 | 113 | 4.4 | 108 | 3.8 |
| Sharing of revenue | 53 | 1.6 | 65 | 1.5 | 44 | 1.7 | 52 | 1.8 |

| | Audited | | | | Unaudited | | | |
|---|---|---|---|---|---|---|---|---|
| | FYE 2016 | | FYE 2017 | | FPE 2017 | | FPE 2018 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| **Management contract** | | | | | | | | |
| Direct labour | 138 | 4.1 | 262 | 6.2 | 134 | 5.2 | 110 | 3.8 |
| **Owned parking facility** | | | | | | | | |
| Direct labour | 35 | 1.0 | 25 | 0.6 | 14 | 0.5 | 14 | 0.5 |
| | **3,375** | **100.0** | **4,204** | **100.0** | **2,568** | **100.0** | **2,880** | **100.0** |
| **Lease arrangement** | | | | | | | | |
| GP | 2,759 | | 3,413 | | 2,091 | | 2,529 | |
| GP margin (%) | 46.3 | | 46.6 | | 46.8 | | 47.9 | |
| **Management contract** | | | | | | | | |
| GP | 296 | | 971 | | 655 | | 738 | |
| GP margin (%) | 68.2 | | 78.8 | | 83.0 | | 87.0 | |
| **Owned parking facility** | | | | | | | | |
| GP | 56 | | 47 | | 27 | | 28 | |
| GP margin (%) | 61.5 | | 65.3 | | 65.9 | | 66.7 | |
| **Total GP** | **3,115** | | **4,465** | | **2,796** | | **3,316** | |
| **Overall GP margin (%)** | **48.0** | | **51.5** | | **52.1** | | **53.5** | |

**FYE 2016 compared to FYE 2017**

For FYE 2017, our direct costs increased by RM0.8 million or 24.6%. The increase in our direct cost during FYE 2017 was directly in proportion to our growth in revenue, which is mainly from the additional parking sites secured during 2016 and 2017.

For FYE 2017, our GP increased by RM1.4 million or 43.3%. Our GP margin was 48.0% for FYE 2016 and 51.5% for FYE 2017. Our GP margin increased by 3.5% mainly due to economies of scale as we secured additional parking sites while maintaining lower overhead costs.

**FPE 2017 compared to FPE 2018**

For FPE 2018, our direct costs increased by RM0.3 million or 12.19%. The increase in our direct cost during FPE 2018 is mainly from the expenses incurred for the additional parking sites secured during the period 2018.

For the FPE 2018, our GP increased by RM0.5 million or 18.6%. Our GP margin was 52.1% for the financial period to 31st August 2017 and was closely maintained at 53.5% for financial period to 31st August 2018.

**(c) Other income**

In FYE 2017 and FPE 2018, the bulk of our other income was mainly due to RM82,095 and RM29,580 respectively for car park installation fees for assisting parking facility owners to furnish their parking equipment.

**(d) Operating expenses**

The breakdown of our operating expense for FYEs 2016 and 2017 and FPEs 2017 and 2018 are as follows:

| | **Audited** | | | | **Unaudited** | | | |
|---|---|---|---|---|---|---|---|---|
| | **FYE 2016** | | **FYE 2017** | | **FPE 2017** | | **FPE 2018** | |
| | **RM'000** | **%** | **RM'000** | **%** | **RM'000** | **%** | **RM'000** | **%** |
| Depreciation | 407 | 14.6 | 566 | 17.3 | 362 | 17.1 | 353 | 15.7 |
| Staff costs and directors' remuneration | 1,588 | 57.0 | 1,808 | 55.1 | 1,276 | 60.4 | 1,306 | 58.1 |
| General administrative expenses | 248 | 8.9 | 346 | 10.6 | 266 | 12.6 | 350 | 15.6 |
| Upkeep of parking equipment and others | 196 | 7.0 | 286 | 8.7 | 44 | 2.1 | 46 | 2.0 |
| General repair | 265 | 9.5 | 191 | 5.8 | 110 | 5.2 | 129 | 5.7 |
| Rental of office premises | 82 | 3.0 | 82 | 2.5 | 54 | 2.6 | 64 | 2.8 |
| **Total** | **2,786** | **100.0** | **3,279** | **100.0** | **2,112** | **100.0** | **2,248** | **100.0** |

For the FYE 2017, our operating expenses increased by RM0.5 million or 17.7% as compared to FYE 2016, which are due to additional staff hired and more parking related equipment in line with the growth in our operations due to the new parking sites secured.

For FPE 2018, our operating expenses increased marginally by RM0.13 million or 6.4% as compared to FPE 2017 as the commencement of parking management operations for 2 of the 3 new sites secured were deferred by the owner due to low occupancy.

**(e) Finance cost**

In FYE 2017, finance costs increased by RM0.07 million or 109.9% as we incurred more borrowings to finance our working capital and purchase of parking site equipment.

In FPE 2018, finance costs increased slightly by RM4,767 or 6.9% despite an overall decrease in borrowings due to higher overall utilisation of bank overdraft in early 2018 for purchase of equipment.

### (f) Taxation

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

Our taxation expense and effective tax rate for FYEs 2016 and 2017 and FPEs 2017 and 2018 are as follows:

| | **Audited** | | **Unaudited** | |
|---|---|---|---|---|
| | **FYE 2016** | **FYE 2017** | **FPE 2017** | **FPE 2018** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Current year | 53 | 250 | 127 | 214 |
| Deferred tax provision | 7 | (19) | - | - |
| | **60** | **231** | **127** | **214** |
| Effective tax rate (%) | 22.8% | 20.1% | 19.2% | 20.9% |

We are subject to income tax at the statutory tax rate of 19% for FYE 2016. For FYE 2017 and FPEs 2017 and 2018, we are subject to the statutory tax rate of 18% on the first RM500,000 in accordance with the statutory tax rate for small and medium-sized companies, and the balance chargeable income is subject to the statutory tax rate of 24%. The differences between our effective tax rate and the statutory tax rate are due to higher non-deductible expenses incurred in FYEs 2016 and 2017 as well as FPEs 2017 and 2018.

## 6.5 Borrowings

We use credit facilities such as overdrafts to partially finance our working capital. In addition, we also use term loans to finance our purchases of parking site equipment. A hire purchase facility was used to finance the purchase of motor vehicle, which was fully settled in FYE 2017.

Our total outstanding bank borrowings as at 31 December 2017 and 31 August 2018 stood at RM1.8 million and RM1.4 million respectively, details of which are set out below. All our bank borrowings are interest-bearing, and denominated in RM.

| | **As at 31 December 2016** | **As at 31 December 2017** | **As at 31 August 2018** |
|---|---|---|---|
| | **RM'000** | **RM'000** | **RM'000** |
| Current | | | |
| • Bank overdraft | - | 312 | 93 |
| • Hire purchase | 11 | - | - |
| • Term loans | 210 | 235 | 235 |
| | 221 | 547 | 328 |
| Non-current | | | |
| • Term loans | 779 | 1,234 | 1,030 |
| **Total borrowings** | **1,000** | **1,781** | **1,358** |

We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout the FYEs 2016 to 2017, FPE 2018 and the subsequent financial period up to LPD.

As at the 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 ability to pay dividends is dependent upon the profits we generate, present or future. Moving forward, our payment of dividends or other distributions will depend our distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that our Board deems relevant.

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

Moving forward, our Board plans to adopt a dividend policy of declaring at least 30% of our Group's audited PAT as dividend. However, the actual dividends proposed and declared may vary depending on the financial performance and cash flows of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

(The rest of this page has been intentionally left blank)

## 1. PARTICULARS OF OUR PROPOSED LISTING

### 1.1 Proposed Listing

Our proposed listing scheme entails the placement of 20,000,000 Placement Shares at an Indicative Placement Price of RM0.13 each.

### 1.2 Indicative Placement Price

The Indicative Placement Price of RM0.13 per Placement Share was arrived at after taking into consideration the following:

(a) The price to earnings multiple of approximately 28.3 times based on our audited EPS of 0.46 sen for FYE 2017, calculated based on our enlarged Share base of 200,001,000 Shares after the Proposed Placement;

(b) The historical track record of our Group for FYEs 2016 and 2017 and FPE 2018 are summarised as follows:

| | **Audited** | | **Unaudited** |
|---|---|---|---|
| | **FYE 2016** | **FYE 2017** | **FPE 2018** |
| Revenue (RM'000) | 6,490 | 8,669 | 6,196 |
| PAT (RM'000) | 204 | 917 | 809 |
| Net EPS (sen)(1) | 0.11 | 0.51 | 0.45 |

**Notes:**

(1) Calculated based on PAT divided by our share base of 180,001,000 Shares before the Proposed Placement

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

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

(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 200,001,000 Shares shall be listed on the LEAP Market.

### 1.4 Objectives of our Proposed Listing

The objectives of our Proposed Listing are as follows:

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

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

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

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

### 1.5 Utilisation of proceeds

The gross proceeds arising from the Proposed Placement of approximately RM2.6 million shall accrue entirely to our Company and will be utilised in the following manner:

| Utilisation of proceeds | (1) Estimated timeframe for utilisation | RM'000 | % |
|---|---|---|---|
| Purchase of parking site equipment (2) | 12 months | 200 | 7.7 |
| Purchase of parking facility (3) | 12 months | 800 | 30.8 |
| General working capital (4) | 12 months | 900 | 34.6 |
| Estimated listing expenses (5) | 1 month | 700 | 26.9 |
| **Total** | | **2,600** | **100.0** |

**Notes:**

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

(2) Approximately RM0.2 million has been earmarked for the purchase of new parking site equipment needed to operate and manage our growing number of carparks.

(3) Matrix Parking and Matrix PJ had on 5 December 2018 entered into sale and purchase agreements with Upaya Jernih Sdn Bhd to purchase 12 parcels of property together with accessory parcels forming 665 parking bays located in the basement and podium level of Cova Square (which are currently managed by our Group) for a total cash consideration of RM2,650,000. The cash consideration will be satisfied by a combination of internal generated funds, existing bank borrowings and the proceeds to be raised from the Proposed Listing. This acquisition is conditional upon amongst others, the relevant approvals being obtained for the revision of share units with respect to Matrix Parking and Matrix PJ as the new owner of the parking facility.

(4) Approximately RM0.9 million has been earmarked to supplement the working capital requirements of our Group. The proceeds shall be used mainly for the following requirements:

(a) License fees/rental to be paid to parking site owners; and

(b) General working capital requirement such as payment of salaries and office overheads.

(5) The amount of RM0.7 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 listing of and quotation for our entire enlarged share capital on the LEAP Market is subject to the following:

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

(b) Successful completion of the Proposed Placement.

Concurrent with the issuance of this Information Memorandum, we have made an application to Bursa Securities for the admission of our Company to the Official List and the listing of and quotation for our entire enlarged share capital on the LEAP Market and are awaiting the decision of Bursa Securities.

### 2.2 Exempt transaction

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

### 2.3 Details of moratorium and undertakings

#### 2.3.1 Promoters

Pursuant to Rule 3.07 of the LEAP Listing Requirements, the Shares held by the Promoters, amounting to 146,467,000 Shares (representing approximately 73.2% of the enlarged share capital upon Listing) are to be placed under moratorium.

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

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

(b) Upon expiry of the first 12-month period, our Company must ensure that our Promoters shall maintain an aggregate shareholding amounting to 90,000,450 Shares representing 45% of our enlarged share capital upon the Proposed Listing for further period of 36 months ("**Second 36-Month Moratorium**").

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

| | Moratorium shares during the First 12-Month Moratorium | | Moratorium shares during the Second 36-Month Moratorium | |
|---|---|---|---|---|
| **Promoters** | **No. of Shares** | **[(1)]%** | **No. of Shares** | **[(1)]%** |
| Netton | 123,301,000 | 61.7 | 80,588,707 | 40.3 |
| Sukumaran | 5,400,000 | 2.7 | 3,529,403 | 1.8 |

| Promoters | Moratorium shares during the First 12-Month Moratorium No. of Shares | [1]% | Moratorium shares during the Second 36-Month Moratorium No. of Shares | [1]% |
|---|---|---|---|---|
| CA Management Services Sdn Bhd | 9,000,000 | 4.5 | 5,882,340 | 2.9 |
| Chin Kai Yin | 4,842,000 | 2.4 | - | - |
| Chin Wing Kee | 3,600,000 | 1.8 | - | - |
| Chin Lam Yuen | 324,000 | 0.2 | - | - |
| | **146,467,000** | **73.2** | **90,000,450** | **45.0** |

**Notes:**

(1) Based on the enlarged share capital of 200,001,000 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. The shareholders of Netton and CA Management Services Sdn Bhd also provided written undertakings that they will not sell their shares in the respective companies.

### 2.3.2 Other existing shareholders

Our other existing shareholders as listed below have voluntarily agreed to place their entire shareholdings in our Company on moratorium for a period of 12 months from the date of our listing on the LEAP Market:

| Shareholders | Moratorium shares No. of Shares | [1]% |
|---|---|---|
| Lean Chee Seng | 18,900,000 | 9.4 |
| Chin Nguk Foo | 5,400,000 | 2.7 |
| Lean Min Tze | 2,700,000 | 1.3 |
| Lean Tonya | 2,700,000 | 1.3 |
| Jayanthi a/p Raja Ratenam | 630,000 | 0.3 |
| Ramzul Bin Hussain | 630,000 | 0.3 |
| Thilaka a/p Rengamathan | 450,000 | 0.2 |
| Syahrul Idzzuan Mat Said, | 360,000 | 0.2 |
| Letchumi Narayanan a/l Gurusamy | 324,000 | 0.2 |
| Chai Meng Fong | 270,000 | 0.1 |
| Hazni Bin Abdul Aziz | 180,000 | 0.1 |
| Nurul'Ain Jauhariah Bt Mohd Noordin | 180,000 | 0.1 |
| Siti Nursaiha Binti Saimin | 180,000 | 0.1 |
| Nur Faatihah Binti Mohamad | 180,000 | 0.1 |
| Yap Sze Yoke | 180,000 | 0.1 |

**Note:**

(1) Based on the enlarged share capital of 200,001,000 Shares after the Proposed Placement.

## PART III: RISK FACTORS

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

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

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

#### 1.1 The use of electronic hailing services in Malaysia may negatively affect the parking management services industry

The use of electronic hailing ("**e-hailing**") services offered by companies such as Grab offers convenience to consumers, particularly for urban journeys in cities. On July 27 2017, the Malaysia Parliament passed two bills that legalised e-hailing services in the country. The amendments to Malaysia's Land Public Transport Act 2010 and the Commercial Vehicles Licensing Board Act 1987 will allow e-hailing services to operate on an intermediation business license, which is a new category specific for e-hailing services. The legalisation of e-hailing services in Malaysia may result in increased demand for these services, and may adversely affect the parking management services industry as consumers using these services as a mode of transport need not use any parking facilities.

#### 1.2 Changes in transportation and traffic patterns could impact the demand for parking facilities

A variety of factors are contributing to changes in the transportation industry that could have a negative impact on our Group's business, including changes in regulations and increased use of public transport by users. Changes in environmental and traffic control regulations could reduce demand for, and volumes in, parking facilities that could adversely affect our business, results of operations, financial condition or prospects. For example, some municipalities may reduce the availability of street parking spaces or promote the use of public transportation in lieu of automobiles. Governments may also increase the tax levels on automobiles and petroleum for environmental reasons, which may reduce traffic.

Our Group may also be affected by temporary or permanent changes to traffic routes or road closures, which may make it more difficult to access parking facilities that we manage and have an adverse effect on our business and results of operations.

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

We face competition from both existing and new players in the parking facility management services industry. Companies in our industry generally compete on reputation, track record, pricing, service range and service quality. In addition, some of our competitors may have longer operating histories, brand name recognition and greater financial, technical and marketing resources than what is available to us.

Generally, the biggest challenge for us is to maintain and increase our market share. Stiff competition may lead to an overall decline in the demand for our services or downward pressure on our prices which will erode our profit margins. We believe that our competitive strengths, as disclosed under Section 2.11 would provide us with the platform to compete effectively within the industry we operate in and continue to grow our business. However, there can be no assurance that we will continue to compete successfully with the other competitors and new entrants in the future, which could have a material adverse effect on our business, financial condition and results of operations.

## 2. RISK SPECIFIC TO OUR GROUP

### 2.1 Our lease arrangements and self-owned facilities expose us to risks of low patronage

As at the LPD, we operate approximately 72.7% of our parking facilities under lease arrangements. Under lease arrangements, we are obligated to pay to the owner of the parking facility a fixed base rent, often regardless of the actual utilisation of the facility. These leases/licenses arrangements last from a quarter to 5 years each term and may be cancelled by the client by serving a termination notice of 1 to 3 months. Although there is generally more potential for income to be earned from leased parking facilities than from management contracts, they also carry more risk. A decline in patronage could result in lease/license payments exceeding the revenues received for operating the parking facility.

The loss or renewal on less favourable terms of a substantial number of management contracts or leases could have a material adverse effect on our business, financial condition and results of operations. In addition, changes to certain governmental entities' approaches to contracting regarding parking facilities could affect such contracts. We also face the same risks for parking facilities that we own.

### 2.2 We do not have any long-term contracts with our customers

Our Group in most circumstances does not enter into any long-term contracts with our customers. Our contracts typically range from 1 to 5 years. There is no assurance of the continued renewal of our contracts and our customers are free to invite competing offers upon each renewal. Because of this, the financial results of our Group are dependent on our ability to secure renewals as well as new contracts on a timely basis.

### 2.3 We are subject to claims for negligence

We are exposed to negligence claims by our customers.

Parkers who suffer damages or injuries as a result of the conditions of the parking facilities such as barrier arms damaging vehicles, holes, damaged floors, poor lighting, debris or spills could result in parkers pursuing legal action against us.

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

For FYEs 2016 and 2017, we have not experienced any claims that has materially affected our financial performance. However, there can be no assurance that this risk would not have an adverse impact on our operations and financial performance.

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

Our business performance and future prospects depend significantly on the abilities, skills, experience, competency and continuous efforts of our existing Executive Directors and key management team. Our Executive Directors, Alex Chin and Sukumaran, have accumulated over 9 and 20 years of experience in the management of parking facilities respectively and possess extensive knowledge and insights of such fields. Since our establishment, our management has built strong business relationships with our suppliers and customers as well as maintained our Group's reputation.

The loss of any of our key management simultaneously or within a short span of time without suitable and timely replacement, or our inability to attract and retain qualified and competent personnel or our inability to integrate new personnel, could adversely affect our business operations and financial performance. As part of our strategy to attract new skilled personnel as well as to retain our employees, we offer competitive remuneration packages to our employees and strive to provide a healthy working environment with good workplace culture and work ethics to foster good working relationships amongst our employees. Notwithstanding our efforts to minimise this risk, there can be no assurance that we will be able to retain our key management and skilled personnel in the future.

## 3. MARKET RISKS

### 3.1 There has been no prior trading market for our Shares

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

If an active trading market does not develop or is not maintained, the liquidity and trading price of our Shares could be adversely affected and investors may have difficulty selling their Shares and may lose their entire investment. Any 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.

Pursuant to Rule 3.10 of the LEAP Listing Requirements, if our Proposed Listing does not take place within 6 months from the date Bursa Securities approves the Proposed Listing on the LEAP Market (or such further extension of time as Bursa Securities may allow) or we abort the Proposed Listing on the LEAP Market, Sophisticated Investors will not receive any Shares but we will return in full, without interest, all monies paid in respect of any application for our Shares within 14 days and our Directors shall be jointly and severally liable to repay the monies with interest at the rate of 10.0% per annum or such other rate as may be prescribed by Bursa Securities upon expiration of that period until full refund is made.

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

## 4. OTHER RISKS

### 4.1 Forward looking statements

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

### 4.2 Reliance on information in public media

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

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

(The rest of this page has been intentionally left blank)

## 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 belied, there are no false or misleading statements or other facts which if omitted, would make any statement in this Information Memorandum false or misleading.

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

## 2. SHARE CAPITAL

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

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

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

## 3. MATERIAL LITIGATION AND CONTINGENT LIABILITIES

As at the LPD, save as disclosed below, 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.

**Johor Bahru High Court Suit No: JA-22NCVC-137-06/2016**
**Plaintiff : Luxury Connection Sdn Bhd**
**Defendant : Matrix Parking Solution Sdn Bhd**

Zurich Insurance Malaysia Berhad ("**Zurich**") had on 31 July 2012 entered into a license agreement enabling the Defendant to manage and operate the car park premises including jockey service and valet parking services ("**Premises**") in 3 buildings including the building known as Menara Zurich at No. 15 Jalan Dato Abdullah Tahir, 80300 Johor Bahru ("**Building**") for a period of 4 years expiring on 31 May 2016 and which term will be automatically renewed for a further term of 3 years thereafter. The Plaintiff had purchased the Building from Zurich subject to the License Agreement. On 23 March 2016 the Defendant notified the Plaintiff of the extension of the License Agreement pursuant to the automatic renewal therein and the Plaintiff had via a notice dated 28 March 2016 notified the Defendant of its intention to terminate the License Agreement. The Plaintiff sought for an order for the vacant possession of the Premises and double rental for the duration that the Defendant remains on the Premises after the notice of termination.

The Defendant has filed in a counter claim to seek for amongst others, a declaration that the Defendant has a valid and binding License Agreement for the Premises until 31 May 2019. The parties have subsequently entered into a Consent Order on 23 April 2017 to settle the case amicably and to execute a License Agreement with the condition that the terms are similar with the License Agreement. However, the Parties were unable to finalise the License Agreement and have further sought clarification from the Court on the terms of the License Agreement. Subsequently the Plaintiff filed an application to set aside the Consent Judgement and both parties withdrew the suit and counter claim respectively with liberty to file afresh.

**Johor Bahru High Court Suit No: JA-22NCVC-62-04/2018**
**Plaintiff : Luxury Connection Sdn Bhd**
**Defendant : Matrix Parking Solution Sdn Bhd**

On 27 March 2018, the Plaintiff sent a notice of termination to the Defendant to terminate the License Agreement and requested the Defendant to vacate the Premises by 27 April 2018. The Plaintiff initiated the legal suit and is claiming for amongst others, for the court to declare that the extension of the license period to be invalid and that the services of the Defendant had been terminated. The Plaintiff is also seeking for damages on the basis that the Defendant was to vacate the premises based on the court order obtained by the Plaintiff but failed to do so. The Plaintiff also filed for an application for injunctive reliefs vide Notice of Application dated 24 April 2018 and the application was allowed pending the appeal filed by the Defendant on 24 May 2018 ("**Appeal**"). which Appeal has since been dismissed on 16 October 2018.

The Defendant is counter claiming for amongst others, a declaration that the Defendant has a valid binding License Agreement for the Premises until 31 May 2019, that the Plaintiff is to specifically perform the extended license agreement in favour of the Defendant pursuant to the terms of the original License Agreement dated 31 July 2012 within 14 days from the date of the judgement including but not limited to the execution of a new extended license agreement and the return of the sum of RM188,430.90 for the difference of the license fee paid as a result of the settlement as per the draft Consent Judgement dated 21 February 2018 and the original license fee in the License Agreement and further claiming for damages to be assessed in lieu of specific performance.

The matter had proceeded to trial on 25 October 2018, 18 November 2018 and 2 December 2018 and is now fixed for clarification on 14 March 2019. The solicitors acting for the Defendant is of the view that the extension of the license period as prescribed under the terms of the License Agreement dated 31 July 2012 is valid and the Defendant has a reasonable chance of success in their counter claim The maximum exposure that the Defendant has to liability cannot be assessed as both parties have asked for damages to be assessed by the court.

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

## 4. MATERIAL COMMITMENTS

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

As at the following periods, the future minimum lease payments under non-cancellable operating leases are:

| | LPD RM'000 | 31 December 2017 RM'000 | 31 December 2016 RM'000 |
|---|---|---|---|
| Within 1 year | 8,392 | 2,118 | 2,387 |
| Later than 1 year but not later than 5 years | 6,904 | 2,557 | 4,565 |
| Later than 5 years but not later than 10 years | - | - | 110 |
| | **15,296** | **4,675** | **7,062** |

## 5. MATERIAL CONTRACTS

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

(i) Sale and purchase agreement dated 13 September 2018 between Matrix Holdings and the shareholders of Matrix Parking (as listed in Section 3.2 of Part I) for the Acquisition. The Acquisition was completed on 18 September 2018; and

(ii) 11 Sale and purchase agreements all dated 5 December 2018 between Matrix Parking and Upaya Jernih Sdn Bhd for the purchase by Matrix Parking of 11 parcels of property together with accessory parcels forming 655 parking bays located in the basement and podium level of Cova Square (which are currently managed by our Group) for a total cash consideration of RM2,485,000. The cash consideration will be satisfied by a combination of internal generated funds, existing bank borrowings and the proceeds to be raised from the Proposed Listing. This acquisition is conditional upon amongst others, the relevant approvals being obtained for the revision of share units with respect to Matrix Parking as the new owner of the parking facility.

(iii) Sale and purchase agreement dated 5 December 2018 between Matrix PJ and Upaya Jernih Sdn Bhd for the purchase by Matrix PJ of 1 parcel of property together with accessory parcels forming 10 parking bays located in the basement and podium level of Cova Square (which are currently managed by our Group) for a total cash consideration of RM165,000. The cash consideration will be satisfied by a combination of internal generated funds, existing bank borrowings and the proceeds to be raised from the Proposed Listing. This acquisition is conditional upon amongst others, the relevant approvals being obtained for the revision of share units with respect to Matrix PJ as the new owner of the parking facility.

## 6. CONSENTS

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

## 7. DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

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

(b) Messrs Ilham 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) PPC International Sdn Bhd 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 Valuer for our Proposed Listing;

(d) Providence 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 Independent Market Researcher for our Proposed Listing; and

(e) STYL Associates and Tan Chin Huat & Co have given their written confirmation that, as at the date of this Information Memorandum, there is no existing or potential conflict of interest in their capacity as the Auditors for our Proposed Listing.

## 8. THIRD PARTY INFORMATION

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

## 9. COMMUNICATIONS WITH SHAREHOLDERS

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

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

## 10. DOCUMENTS FOR INSPECTION

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

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

(b) Our business address at Y-BG-02, D'aman Kayangan, No 1, Jalan PJU 1A/41, Ara Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan; and

(c) Our registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

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

**APPENDIX I**

Combined financial statements of the Matrix Parking Group
for the FYEs 2016 and 2017

Company No:
1 283160-X

**MATRIX PARKING SOLUTION HOLDINGS BERHAD**
(Incorporated in Malaysia)

**COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31ST DECEMBER 2017 AND 2016**
(In Ringgit Malaysia)

**STYL ASSOCIATES**
**Chartered Accountants**

Company No:
1283160-X

**MATRIX PARKING SOLUTION HOLDINGS BERHAD**
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS**

**CONTENTS** **PAGES**

**STYL Associates** *(AF1929)*
No: 902 9th Floor, Block A, Damansara Intan, No: 1, Jalan SS20/27, 47400 Petaling Jaya
Tel: 03 -7724 2128/2130/2136 Fax: 03 -7733 2125 Email: stylassociates@yahoo.com

Date: 24th December 2018

The Board of Directors
MATRIX PARKING SOLUTION HOLDINGS BERHAD
Y-BG-02 D'aman Kayangan
No: 1 Jalan PJU 1A/41
Ara Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

**REPORT ON THE AUDIT OF THE COMBINED FINANCIAL STATEMENTS OF MATRIX PARKING SOLUTION HOLDINGS BERHAD**

**Opinion**

We have audited the accompanying combined financial statements of Matrix Parking Solution Holdings Berhad ("Matrix Holdings" or "the Company") and its subsidiaries ("the Group"), which comprise the combined statements of financial position as at 31st December 2017 and 2016 of the Group and of the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 35.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the Group as at 31st December 2017 and 2016, and of their financial performance and their cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

**Basis for Opinion**

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

**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.

**Responsibilities of the Directors for the Combined Financial Statements**

The directors of the Company are responsible for the preparation of the combined financial statements of the 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 the combined financial statements that are free from material misstatement, whether due to fraud or error.

STYL Associates *(AF1929)*
No: 902 9th Floor, Block A, Damansara Intan, No: 1, Jalan SS20/27, 47400 Petaling Jaya
Tel: 03 -7724 2128/2130/2136 Fax: 03 -7733 2125 Email: stylassociates@yahoo.com

In preparing the combined financial statements of the Group, the directors are responsible for assessing the ability of the Group 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' Responsibilities 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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.

- 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 internal control of the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's 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 ability of the Group 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.

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

**STYL Associates** *(AF1929)*
No: 902 9th Floor, Block A, Damansara Intan, No: 1, Jalan SS20/27, 47400 Petaling Jaya
Tel: 03 -7724 2128/2130/2136 Fax: 03 -7733 2125 Email: stylassociates@yahoo.com

- Obtain sufficient appropriate audit evidence regarding the financial information 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 significants deficiencies in internal control that we identify during our audit.

**OTHER MATTERS**

This report has been prepared solely for the inclusion in the Information Memorandum of Matrix Holdings in connection with the placement of 20,000,000 ordinary shares of Matrix Holdings at an indicative price of RM0.13 per share and the listing and quotation of the entire issued share capital of Matrix Holdings on the Leading Entrepreneur Accelerator Platform ("LEAP") Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

**STYL ASSOCIATES**
Firm No. AF 1929
Chartered Accountants

**LEE KIM WAH**
(No: 03166/07/2019 J)
Chartered Accountant

Petaling Jaya

Company No:
1283160-X

**MATRIX PARKING SOLUTION HOLDINGS BERHAD**
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2017 AND 2016**

| | Note | 2017 RM | 2016 RM |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 6 | 4,080,152 | 2,219,922 |
| Deferred tax assets | 7 | - | 2,480 |
| Total Non-Current Assets | | 4,080,152 | 2,222,402 |
| **Current Assets** | | | |
| Trade receivables | 9 | 376,637 | 257,089 |
| Other receivables, prepaid expenses and refundable deposits | 9 | 574,323 | 509,147 |
| Amount owing by holding company | 10 | - | 77,119 |
| Tax recoverable | | - | 79,669 |
| Deposits with financial institution | 11 | 199,278 | 100,000 |
| Cash and bank balances | | 1,055,150 | 72,796 |
| Total Current Assets | | 2,205,388 | 1,095,820 |
| Total Assets | | 6,285,540 | 3,318,222 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and Reserves** | | | |
| Share capital | 12 | 1,000,000 | 660,000 |
| Retained earnings | 13 | 794,524 | 217,454 |
| Revaluation reserve | 14 | 1,594,651 | - |
| Total Equity Attributable to Owners of the Company | | 3,389,175 | 877,454 |
| **Non-Current Liabilities** | | | |
| Term loans | 15 | 1,234,082 | 779,144 |
| Deferred tax liabilities | 7 | 322,100 | - |
| Total Non-Current Liabilities | | 1,556,182 | 779,144 |
| **Current Liabilities** | | | |
| Other payables and accrued expenses | 16 | 685,384 | 742,410 |
| Hire purchase and finance lease liabilities | 17 | - | 11,533 |
| Bank overdraft | 18 | 312,261 | - |
| Amount owing to director | 19 | - | 697,205 |
| Term loans | 15 | 235,504 | 210,476 |
| Tax liabilities | | 107,034 | - |
| Total Current Liabilities | | 1,340,183 | 1,661,624 |
| Total Liabilities | | 2,896,365 | 2,440,768 |
| Total Equity and Liabilities | | 6,285,540 | 3,318,222 |

The accompanying Notes form an integral part of the Combined Financial Statements.

Company No:
128160-X

**MATRIX PARKING SOLUTION HOLDINGS BERHAD**
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER 2017 AND 2016**

| | Note | 2017 RM | 2016 RM |
|---|---|---|---|
| Revenue | | 8,669,297 | 6,489,535 |
| Direct costs | | (4,203,888) | (3,374,235) |
| Gross profit | | 4,465,409 | 3,115,300 |
| Other operating income | | 101,747 | 1,725 |
| Other operating expenses | | (3,279,401) | (2,785,972) |
| Finance costs | 20 | (139,507) | (66,461) |
| Profit before tax | 21 | 1,148,248 | 264,592 |
| Income tax expense | 23 | (231,178) | (60,343) |
| Profit for the financial year | | 917,070 | 204,249 |
| Other comprehensive income, net of tax: | | | |
| Item that will not be subsequently reclassified to profit or loss | | | |
| Gain on revaluation of property, plant and equipment | 23 | 1,594,651 | - |
| Total comprehensive income for the financial year | | 2,511,721 | 204,249 |
| Profit for the financial year attributable to Owners of the Company | | 917,070 | 204,249 |
| Total comprehensive income attributable to Owners of the Company | | 2,511,721 | 204,249 |
| Basic earnings per share (sen) | 24 | 0.46 | 0.10 |

The accompanying Notes form an integral part of the Combined Financial Statements.

Company No:
1283160-X

**MATRIX PARKING SOLUTION HOLDINGS BERHAD**
(Incorporated in Malaysia)

## COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER 2017 AND 2016

| | Share capital RM | Distributable reserve - Retained earnings RM | Non Distributable reserve - Revaluation reserve RM | Total RM |
|---|---|---|---|---|
| Balance as at 1st January 2016 | 180,000 | 493,205 | - | 673,205 |
| Profit for the financial year, representing total comprehensive income for the financial year | - | 204,249 | - | 204,249 |
| Transactions with Owners of the Company: | | | | |
| Issuance of shares during the financial year | 480,000 | - | - | 480,000 |
| Dividends paid (Note 26) | - | (480,000) | - | (480,000) |
| Total transactions with Owners of the Company | 480,000 | (480,000) | - | - |
| Balance as at 31st December 2016 | 660,000 | 217,454 | - | 877,454 |
| Profit for the financial year | - | 917,070 | - | 917,070 |
| Other comprehensive income for the year | - | - | 1,594,651 | 1,594,651 |
| Total comprehensive income for the year | - | 917,070 | 1,594,651 | 2,511,721 |
| Transactions with Owners of the Company: | | | | |
| Issuance of shares during the financial year | 340,000 | - | - | 340,000 |
| Dividends paid (Note 26) | - | (340,000) | - | (340,000) |
| Total transactions with Owners of the Company | 340,000 | (340,000) | - | - |
| Balance as at 31st December 2017 | 1,000,000 | 794,524 | 1,594,651 | 3,389,175 |

The accompanying Notes form an integral part of the Combined Financial Statements.

Company No:
1283160-X

MATRIX PARKING SOLUTION HOLDINGS BERHAD
(Incorporated in Malaysia)

## COMBINED STATEMENTS OF CASH FLOWS
## FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER 2017 AND 2016

| | 2017<br>RM | 2016<br>RM |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before tax | 1,148,248 | 264,592 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 566,500 | 406,823 |
| Finance costs | 139,507 | 66,461 |
| Interest income | (19,652) | (90) |
| Operating profit before working capital changes | 1,834,603 | 737,786 |
| Changes in working capital: | | |
| Increase in trade receivables | (119,548) | (92,252) |
| Increase in other receivables, prepaid expenses and refundable deposits | (65,176) | (6,300) |
| Decrease in amount owing by holding company | 77,119 | 36,000 |
| Increase/(Decrease) in other payables and accrued expenses | (57,026) | 71,257 |
| Increase/(Decrease) in amount owing to director | (697,205) | 217,374 |
| Decrease in amount owing to holding company | - | (250,000) |
| Cash Generated From Operations | 972,767 | 713,865 |
| Interest paid | (139,507) | (66,461) |
| Interest income | 19,652 | 90 |
| Tax paid | (99,996) | (103,330) |
| Tax refund | 36,085 | - |
| **Net Cash From Operating Activities** | 789,001 | 544,164 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment | (488,063) | (507,605) |
| **Net Cash Used In Investing Activities** | (488,063) | (507,605) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from drawdown of term loans | 1,000,000 | 600,000 |
| Proceeds from issuance of shares | 340,000 | 480,000 |
| Repayment of hire purchase obligations | (11,533) | (107,828) |
| Repayment of term loan obligations | (520,034) | (196,161) |
| Increase in deposits pledged with financial institution | (99,278) | - |
| Dividends paid | (340,000) | (480,000) |
| **Net Cash From Financing Activities** | 369,155 | 296,011 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | 670,093 | 332,570 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | 72,796 | (259,774) |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | 742,889 | 72,796 |

(Forward)

Company No:
1283160-X

**MATRIX PARKING SOLUTION HOLDINGS BERHAD**
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CASH FLOWS**
**FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER 2017 AND 2016**

| | 2017<br>RM | 2016<br>RM |
|---|---|---|
| Cash and cash equivalents at end of year consist of: | | |
| Deposits with financial institution | 199,278 | 100,000 |
| Cash and bank balances | 1,055,150 | 72,796 |
| | 1,254,428 | 172,796 |
| Less: | | |
| Bank overdraft (secured) | (312,261) | - |
| Deposits with financial institution (restricted) | (199,278) | (100,000) |
| | 742,889 | 72,796 |

The accompanying Notes form an integral part of the Combined Financial Statements.

MATRIX PARKING SOLUTION HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 1) GENERAL INFORMATION

### 1.1) INTRODUCTION

The combined financial statements of Matrix Parking Solution Holdings Berhad ("Matrix Holdings" or "the Company") and its subsidiaries ("the Group") deal solely with the audited combined financial statements of Matrix Parking Solution Sdn Bhd and Matrix Parking Solution (PJ) Sdn Bhd for the financial years ended 31st December 2017 and 2016 and have been prepared by the directors for the inclusion in the Information Memorandum in connection with the listing of and quotation for the enlarged issued and paid-up share capital of Matrix Holdings on the Leading Entrepreneur Accelerator Platform ("LEAP") Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The financial information of Matrix Holdings has not been presented in this report since it was only incorporated on 8th June 2018 to facilitate the proposed listing and remains dormant.

The listing scheme of Matrix Holdings on the LEAP Market of Bursa Securities entails the proposed placement of 20,000,000 ordinary shares of Matrix Holdings at an indicative price of RM0.13 per share ("Proposed Placement"), representing 10% of the enlarged issued and paid-up share capital of Matrix Holdings.

Upon completion of the Proposed Placement, Matrix Holdings would seek the listing of and quotation for its entire issued and paid-up share capital of RM5,601,000 comprising 200,001,000 ordinary shares on the LEAP Market of Bursa Securities.

For the purpose of the proposed listing, the following sale and purchase transaction was executed:

Acquisition of the entire equity interest in Matrix Parking Solution Sdn Bhd and its subsidiary for a total consideration of RM3,000,000, which was satisfied in full by the allotment and issuance of 180,000,000 new ordinary shares in Matrix Holdings.

### 1.2) CORPORATE INFORMATION

Matrix Holdings was incorporated on 8th June 2018 under the Companies Act 2016 as a private limited company. On 14th December 2018, Matrix Holdings was converted into a public company limited by shares and adopted its present name.

The principal activity of Matrix Holdings is investment holding. The principal activities of the combining entities are disclosed in Note 8 to the Financial Statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, W.P. Kuala Lumpur.

The principal place of business of the Company is located at Y-BG-02, D'aman Kayangan, No: 1, Jalan PJU 1A/41, Ara Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

## 2) BASIS OF PREPARATION OF THE COMBINED FINANCIAL STATEMENTS

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

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 combined financial statements of the Group for the relevant period 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 period covered by the relevant period 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 period.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by the Group.

The audited combined financial statements of the Group have been prepared as if the Group has operated as a single economic entity throughout the financial years ended 31st December 2017 and 2016 and have been prepared using financial information obtained from the records of the combining entities during the reporting years.

The financial information as presented in the combined financial statements do not correspond to the consolidated financial statements of the Company, as the combined financial statements reflect business combination under common control for the purpose of the proposed listing. Consequently, the financial information from the combined financial statements does not purport to predict the financial position, results of operations and cash flows of the combining entities during the reporting periods.

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

**2.2)** The combined financial statements of the Group have been prepared under the historical cost convention unless otherwise stated in the summary of the significant accounting policies.

***Standards Issued but not yet Effective***

The following are Standards, Amendments and Annual Improvements that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group:

| | | Effective for annual period beginning on or after |
|---|---|---|
| MFRS 9 | Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014) | 1st January 2018 |
| MFRS 15 | Revenue from Contracts with Customers | 1st January 2018 |
| MFRS 15 | Clarifications to MFRS 15 Revenue Contracts with Customers | 1st January 2018 |

| | | Effective for annual period beginning on or after |
|---|---|---|
| IC Interpretation 22 | Foreign Currency Transactions and Advance Consideration | 1st January 2018 |
| Amendments to MFRS 2 | Classification and Measurement of Share-based Payment Transactions | 1st January 2018 |
| Amendments to MFRS 4 | Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts | 1st January 2018 |
| Amendments to MFRS 140 | Transfers of Investment Property | 1st January 2018 |
| Annual improvements to MFRSs 2014 - 2016 Cycle | | 1st January 2018 |
| - Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards | | |
| - Amendments to MFRS 128 Investments in Associates and Joint Ventures | | |
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |
| IC Interpretation 23 | Uncertainty over Income Tax Treatments | 1st January 2019 |
| Amendments to MFRS 9 | Financial Instruments - Prepayment Features with Negative Compensation | 1st January 2019 |
| Amendments to MFRS 128 Investment in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures | | 1st January 2019 |
| MFRS 16 | Leases | 1st January 2019 |
| Annual improvements to MFRSs 2015 - 2017 Cycle | | 1st January 2019 |
| - Amendments to MFRS 3 | Business Combinations | |
| - Amendments to MFRS 11 | Joint Arrangements | |
| - Amendments to MFRS 112 | Income Taxes | |
| - Amendments to MFRS 123 | Borrowing Costs | |
| Amendments to MFRS 119 | Plan Amendment, Curtailment or Settlement | 1st January 2019 |
| Amendments to MFRS 2 | Share-based Payment | 1st January 2020 |
| Amendment to MFRS 3 | Business Combinations | 1st January 2020 |
| Amendments to MFRS 6 | Exploration for and Evaluation of Mineral Resources | 1st January 2020 |
| Amendment to MFRS 14 | Regulatory Deferral Accounts | 1st January 2020 |
| Amendments to MFRS 101 | Presentation of Financial Statements | 1st January 2020 |
| Amendments to MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors | 1st January 2020 |
| Amendments to MFRS 134 | Interim Financial Reporting | 1st January 2020 |
| Amendment to MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets | 1st January 2020 |
| Amendment to MFRS 138 | Intangible Assets | 1st January 2020 |
| Amendment to IC Interpretation 12 | Service Concession Arrangements | 1st January 2020 |
| Amendment to IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments | 1st January 2020 |
| Amendment to IC Interpretation 20 | Stripping Costs in the Production Phase of a Surface Mine | 1st January 2020 |
| Amendment to IC Interpretation 22 | Foreign Currency Transactions and Advance Consideration | 1st January 2020 |
| Amendments to IC Interpretation 132 | Intangible Assets - Web Site Costs | 1st January 2020 |
| MFRS 17 | Insurance Contracts | 1st January 2021 |

The Group will adopt the above pronouncements, where applicable, when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect to the financial statements of the Group upon their initial application other than these standards described below, for which the effects of adoption are still being assessed.

(a) MFRS 9 Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard makes changes to the requirements for classification and measurement, impairment and hedge accounting. There is now a new expected credit loss model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about any entity's risk management activities have also been introduced.

Retrospective application is required, but comparative information is not compulsory.

(b) MFRS 15 Revenue from Contracts with Customers

MFRS 15 Revenue from Contracts with Customers was issued in September 2014 and established a five-step model that will apply to revenue recognition arising from contracts with customers as follows:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies the performance obligations

Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

The Group is currently assessing the impact to the financial statements upon adopting MFRS 15, and will adopt MFRS 15 on the mandatory effective date.

(c) MFRS 16 Leases

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 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 operating leases, the assets and liabilities reported on its statement of financial position are expected to increase substantially.

The Group is currently assessing the impact of MFRS 16 and will adopt the new standard on the required effective date, if applicable.

## 3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks, including market risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has in place a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating policies of the Group.

***Market risk***

The Group has in place policies to manage its competitive risks from its competitors in providing better alternatives in terms of better services.

***Interest rate risk***

The Group enters into various interest rate risk management transactions for the purpose of reducing net interest costs and to achieve interest rates within predictable, desired ranges.

***Credit risk***

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history.

***Liquidity risk***

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient funds for contingent funding requirement of working capital.

***Cash flow risk***

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

**Fair values**

The fair values of the financial assets and financial liabilities reported in the combined statements of financial position as at 31st December 2017 approximate the carrying amounts of these assets and liabilities because of the immediate or short-term maturity of these financial instruments except for the following:

| | Carrying amount RM | Fair value RM |
|---|---|---|
| ***Financial liabilities*** | | |
| Term loans (Note 15) | 1,469,586 | 1,200,923 |

The fair value of the term loan obligations is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

**Capital Risk Management**

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. No changes were made in the Group's approach to capital management during the financial year.

## 4) SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of Accounting

The combined financial statements have been prepared under the historical cost convention other than as stated and on the basis of accounting principles applicable to a going concern.

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 another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

### b) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Car park is measured at fair value, based on valuation by external independent valuer, less accumulated depreciation and any accumulated impairment loss recognised after the date of valuation.

Valuations are performed with sufficient regularity to ensure that the fair value of the car park does not differ materially from the carrying amount. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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

Depreciation of property, plant and equipment is calculated to write off the cost of the property, plant and equipment on a straight-line basis over the expected useful lives of the property, plant and equipment concerned. The annual depreciation rates used are as follows:

| | % |
|---|---|
| Car park equipment | 16.7 - 33.3 |
| Leasehold car park | Over the remaining lease term of 99 years |
| Furniture and fittings | 20 |
| Motor vehicles | 20 |
| Office equipment | 20 |
| Renovation | 20 |

The carrying values of property, plant and equipment are reviewed for impairment when events or change in circumstances indicate that the carrying values may not be recoverable. The residual values, useful lives and depreciation methods are reviewed on each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceed and the carrying amount of the asset, and is recognised in profit or loss.

c) **Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company. Control is achieved when the Group:

(i) has power over the investee;

(ii) is exposed, or has rights, to variable returns from its involvement with the investee; and

(iii) has the ability to use its power to affect its returns.

The Group reassesses 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 listed above.

When 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 the investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated.

*Changes in the Group's ownership interests in existing subsidiaries*

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

*Disposal of Subsidiaries*

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary 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, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

*Transactions with Non-Controlling Interest*

Non-Controlling interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statement of financial position, separately from the parent shareholder's equity. Transactions with non-controlling interest are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interest, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interest is recognised directly in equity.

**d) Business Combinations**

Acquisition of subsidiaries are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of asset transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair values, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 Income Taxes and MFRS 119 Employee Benefits respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 Share-based Payment at the acquisition date; and
- 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.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-Controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest was disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised at that date.

**e) Receivables**

Receivables are stated at nominal values as reduced by the appropriate allowance for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

**f) Financial instruments**

**i) Initial recognition and measurement**

Financial instruments are recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**ii) Financial instrument categories and subsequent measurement**

The Group categorises financial instruments as follows:

**Financial assets**

The Group classifies its financial assets in the following categories: at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

a) *Financial assets at fair value through profit or loss*

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

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

b) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

c) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

d) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

a) *Financial liabilities at fair value through profit or loss*

Financial liabilities are classified as financial liabilities at fair value through profit or loss when the financial liability is either held for trading or it is designated as financial liabilities at fair value through profit or loss.

A financial liability is classified as held for trading if:

i) it has been acquired principally for the purpose of repurchasing it in the near term; or

ii) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as financial liability at fair value through profit or loss upon initial recognition if:

i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii) it forms part of a contract containing one or more embedded derivatives, and MFRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as financial liability at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statements of comprehensive income.

b) *Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

**iii) Impairment of Financial Assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable bonds classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. 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 of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, 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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Company No:
1283160-X

**g) Impairment of Non-Financial Assets**

At the end of each reporting period, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**h) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**i) Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

*As lessee*

**Operating leases**

Leases in which the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the combined statements 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.

Company No:
1283160-X

*As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of the ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**j) Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**k) Employee Benefits**

i) Short term benefits

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

ii) Defined contributions plans

The Group and its eligible employees are required by law to make monthly contributions to Employees Provident Fund ("EPF"), a statutory defined contribution plan, at certain prescribed rates based on the employees salaries. The Group's contributions to EPF are charged to profit or loss. Once the contributions have been paid, there are no further payment obligations.

**l) Revenue Recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Revenue from services is recognised when services are rendered. Revenue represents the invoiced value of services rendered net of discounts and allowances. Revenue from rental of car park is recognised on accrual basis.

**m) Borrowing Costs**

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

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 a 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 sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

### n) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

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

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

### o) Related Party

A party is related to an entity if:

i) directly, or indirectly through one or more intermediaries, the party:
   - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
   - has an interest in entity that gives it significant influence over the entity; or
   - has joint control over the entity;

ii) the party is an associate of the entity;
iii) the party is a joint venture in which the entity is a venturer;
iv) the party is a member of the key management personnel of the entity or its parent;
v) the party is a close member of the family of any individual referred to in i) or iv)
vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in iv) or v); or
vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

### p) 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, which in this case is the Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

**q) Earnings Per Share ("EPS")**

The Group presents basic EPS data for its ordinary shares.

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

No diluted EPS is disclosed in these financial statements as there are no dilutive potential ordinary shares.

**r) Contingent Liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**s) Statements of Cash Flows**

The Group adopts the indirect method in the preparation of the statements of cash flows.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

## 5) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of combined financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date.

**Critical judgements in applying the Group's accounting policies**

In the process of applying the Group's accounting policies, which are described in Note 4 above, management is of the opinion that there are no instances of application of judgement which are expected to have significant effect on the amounts recognised in the financial statements.

**Key sources of estimation uncertainty**

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

*Property, plant and equipment and depreciation*

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. The estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and function. Management will revise the depreciation charge where useful lives are different from those previously estimated, or it will write off or write down technically obsolete or non strategic assets that have been abandoned or sold.

## 6) PROPERTY, PLANT AND EQUIPMENT

| | Car park equipment RM | Leasehold Car park RM | Furniture and fittings RM | Motor vehicles RM | Office equipment RM | Renovation RM | Total RM |
|---|---|---|---|---|---|---|---|
| **2017** | | | | | | | |
| Cost/Valuation | | | | | | | |
| As at 1st January 2017 | 2,414,904 | 988,800 | 58,099 | 94,221 | 397,806 | 75,152 | 4,028,982 |
| Additions | 415,550 | - | 11,441 | - | 61,072 | - | 488,063 |
| Revaluation surplus | - | 1,911,200 | - | - | - | - | 1,911,200 |
| As at 31st December 2017 | 2,830,454 | 2,900,000 | 69,540 | 94,221 | 458,878 | 75,152 | 6,428,245 |
| Accumulated depreciation | | | | | | | |
| As at 1st January 2017 | 1,387,860 | 17,479 | 9,612 | 80,060 | 238,905 | 75,144 | 1,809,060 |
| Charge for the year | 465,217 | 9,988 | 12,604 | 14,160 | 64,531 | - | 566,500 |
| Revaluation surplus | - | (27,467) | - | - | - | - | (27,467) |
| As at 31st December 2017 | 1,853,077 | - | 22,216 | 94,220 | 303,436 | 75,144 | 2,348,093 |
| Net carrying amount | | | | | | | |
| At cost | 977,377 | - | 47,324 | 1 | 155,442 | 8 | 1,180,152 |
| At valuation | - | 2,900,000 | - | - | - | - | 2,900,000 |
| As at 31st December 2017 | 977,377 | 2,900,000 | 47,324 | 1 | 155,442 | 8 | 4,080,152 |
| **2016** | | | | | | | |
| Cost/Valuation | | | | | | | |
| As at 1st January 2016 | 1,974,570 | 988,800 | 36,200 | 94,221 | 352,434 | 75,152 | 3,521,377 |
| Additions | 440,334 | - | 21,899 | - | 45,372 | - | 507,605 |
| As at 31st December 2016 | 2,414,904 | 988,800 | 58,099 | 94,221 | 397,806 | 75,152 | 4,028,982 |
| Accumulated depreciation | | | | | | | |
| As at 1st January 2016 | 1,080,279 | 7,491 | 603 | 61,216 | 178,140 | 74,508 | 1,402,237 |
| Charge for the year | 307,581 | 9,988 | 9,009 | 18,844 | 60,765 | 636 | 406,823 |
| As at 31st December 2016 | 1,387,860 | 17,479 | 9,612 | 80,060 | 238,905 | 75,144 | 1,809,060 |
| Net carrying amount | | | | | | | |
| At cost | 1,027,044 | 971,321 | 48,487 | 14,161 | 158,901 | 8 | 2,219,922 |

## 6) PROPERTY, PLANT AND EQUIPMENT

Included in property, plant and equipment of the Group as at 31st December 2017 are fully depreciated assets which are still in use, with a cost of RM452,486 (2016: RM399,782).

In 2016, the cost and net book value of the Group as at year end for property, plant and equipment acquired under hire purchase and finance lease were RM734,936 and RM192,139 respectively.

The details of the valuation of the Group's leasehold car park is as follows:

| Details of property | Year of valuation | Details of valuer | Revalued amount RM |
|---|---|---|---|
| Leasehold car park | 2017 | Sr Thiruselvam Arumugan Registered valuer of PPC International Sdn Bhd | 2,900,000 |

## 7) DEFERRED TAXATION

| | 2017 RM | 2016 RM |
|---|---|---|
| *Deferred tax assets* | | |
| As at beginning of financial year | 2,480 | 9,259 |
| Recognised in profit or loss (Note 23) | 19,436 | (6,779) |
| As at end of financial year | 21,916 | 2,480 |
| | | |
| *Deferred tax liabilities* | | |
| As at beginning of financial year | - | - |
| Recognised in other comprehensive income (Note 23) | 344,016 | - |
| As at end of financial year | 344,016 | - |

Presented after appropriate offsetting as follows:

| | 2017 RM | 2016 RM |
|---|---|---|
| **Deferred tax assets/(liabilities) - Net** | (322,100) | 2,480 |

The recognised deferred tax assets/(liabilities) are made up of the following:

| | 2017 RM | 2016 RM |
|---|---|---|
| Tax effects of: | | |
| Temporary differences between tax capital allowances and book depreciation of property, plant and equipment | 21,916 | 2,480 |
| Revaluation gain on property, plant and equipment | (344,016) | - |
| | (322,100) | 2,480 |

## 8) COMBINING ENTITIES

The details of the combining entities are as follows:

| Name of Company | Country of Incorporation | Effective Equity Interest 2017 % | Effective Equity Interest 2016 % | Principal Activities |
|---|---|---|---|---|
| Matrix Parking Solution Sdn Bhd | Malaysia | 100 | 100 | Car park operator and carpark management |
| Matrix Parking Solution (PJ) Sdn Bhd | Malaysia | 100 | 100 | Car park operator and jockey services |

Company No:
1283160-X

## 9) TRADE RECEIVABLES, OTHER RECEIVABLES, PREPAID EXPENSES AND REFUNDABLE DEPOSITS

Trade receivables comprise amounts receivable for services rendered. The credit period granted ranges from 30 to 60 days.

The ageing analysis of trade receivables of the Group is as follows:

| | 2017 RM | 2016 RM |
|---|---|---|
| Neither past due nor impaired | 209,621 | 103,198 |
| 1 to 30 days past due not impaired | 78,170 | 71,983 |
| 31 to 60 days past due not impaired | 29,617 | 20,004 |
| More than 60 days past due not impaired | 59,229 | 61,904 |
| | 167,016 | 153,891 |
| | 376,637 | 257,089 |

Trade receivables that are neither past due not impaired
The receivables that are neither past due not impaired are creditworthy customers with good payment records. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired
The Group has no trade receivables that are past due but not impaired as at year end.

Other receivables, prepaid expenses and refundable deposits consist of:

| | 2017 RM | 2016 RM |
|---|---|---|
| Other receivables | 41,619 | 742 |
| Prepaid expenses | 73,000 | 17,274 |
| Refundable deposits | 459,704 | 491,131 |
| | 574,323 | 509,147 |

## 10) HOLDING COMPANY

The Company is a subsidiary of Netton Resources Sdn Bhd, a company incorporated in Malaysia, which is also regarded by the directors as the ultimate holding company.

The amount owing by holding company in 2016 comprises principally advances given and expenses paid on behalf which is unsecured and repayable on demand.

## 11) DEPOSITS WITH FINANCIAL INSTITUTION

Included in fixed deposits of the Group is a fixed deposit of RM88,995 (2016: RMNil) issued in the name of a director. The fixed deposit is pledged as security for the bank guarantee issued in favour of the Group.

The other fixed deposit has maturity period of 1 year and is pledged for banking facilities. The deposit of the Group earns return ranging from 2.95% to 3.10% (2016: 3.10%) per annum.

## 12) SHARE CAPITAL

| | Number of shares | | Amount | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 RM | 2016 RM |
| Issued ordinary shares | | | | |
| Balance as at beginning of year | 660,000 | 180,000 | 660,000 | 180,000 |
| Issued during the year | 340,000 | 480,000 | 340,000 | 480,000 |
| Balance as at end of year | 1,000,000 | 660,000 | 1,000,000 | 660,000 |

For the purpose of this report, the total number of shares as at each reporting year end represents the aggregate number of issued shares of Matrix Parking Solution Sdn Bhd.

## 13) RETAINED EARNINGS

The Group is able to distribute dividends out of its entire retained earnings as at 31st December 2017 under the single-tier system.

## 14) REVALUATION RESERVE

| | 2017 RM | 2016 RM |
|---|---|---|
| Non-Distributable reserve: | | |
| Revaluation surplus | 1,594,651 | - |
| | 1,594,651 | - |

Revaluation reserve arose from revaluation of the Group's leasehold car park during the financial year.

## 15) TERM LOANS

| | 2017 RM | 2016 RM |
|---|---|---|
| Secured term loans | 1,469,586 | 989,620 |
| Less: Portion due within the next 12 months | (235,504) | (210,476) |
| Portion payable after the next 12 months | 1,234,082 | 779,144 |

The non-current portion of these term loans is repayable as follows:

| | 2017 RM | 2016 RM |
|---|---|---|
| 2018 | - | 179,205 |
| 2019 | 134,711 | 73,202 |
| 2020 | 148,185 | 526,737 |
| 2021 and thereafter | 951,186 | - |
| | 1,234,082 | 779,144 |

The term loans bear interest ranging from 6% to 6.85% (2016: 6% to 10.15%) per annum and are secured by the following:

i) A joint and several guarantee by the directors of the Company in their personal capacities;
ii) Corporate guarantee by holding company; and
iii) Guarantee by Credit Guarantee Corporation Malaysia Berhad (CGC) under Portfolio Guarantee (PG) for RM700,000.

Company No:
1283160-X

## 16) OTHER PAYABLES AND ACCRUED EXPENSES

Other payables and accrued expenses consist of:

| | 2017 RM | 2016 RM |
|---|---|---|
| Other payables | 67,552 | 205,233 |
| Accrued expenses | 339,449 | 273,067 |
| Deposit received | 278,383 | 264,110 |
| | 685,384 | 742,410 |

## 17) HIRE PURCHASE AND FINANCE LEASE LIABILITIES

| | 2017 RM | 2016 RM |
|---|---|---|
| Total outstanding | - | 12,056 |
| Less: Interest-in-suspense outstanding | - | (523) |
| Principal outstanding | - | 11,533 |
| Repayable as follows: | | |
| Portion payable within the next 1 year (Included in current liabilities) | - | 11,533 |

The interest rate on the hire purchase and finance lease obligations is at 2.48% (2016: 2.48%) per annum.

## 18) BANK OVERDRAFT

As at 31st December 2017, the Group has bank overdraft facility amounting to RM460,000 (2016: RM460,000) obtained from licensed bank. This facility bears interest at 4% (2016: 4%) per annum and is secured by the following:

i) Asset Sale Agreement for RM703,800 over Shariah compliant commodities determined by the bank;
ii) Third party legal charge over the properties owned by a related company;
iii) Fixed deposit of the Group; and
iv) Corporate guarantee by the holding company.

## 19) AMOUNT OWING TO DIRECTOR

The amount owing to director in 2016, which arose mainly from expenses paid on behalf and advances given, is unsecured, interest-free and repayable on demand.

## 20) FINANCE COSTS

| | 2017 RM | 2016 RM |
|---|---|---|
| Interest on: | | |
| bank overdraft | 8,902 | 4,676 |
| hire purchase | 534 | 954 |
| term loans | 130,071 | 48,799 |
| finance lease | - | 12,032 |
| | 139,507 | 66,461 |

Company No:
1283160-X

## 21) PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

| | 2017<br>RM | 2016<br>RM |
|---|---|---|
| Audit fee | 17,000 | 7,200 |
| Depreciation of property, plant and equipment | 566,500 | 406,823 |
| Directors' remuneration | | |
| - Salary | 230,400 | 214,200 |
| - Bonus | 42,550 | 47,925 |
| - EPF contribution | 37,753 | 31,536 |
| - SOCSO contribution | 1,340 | 1,240 |
| Rental of premises | 81,600 | 81,600 |
| Rental of carpark | 3,151,673 | 2,586,837 |
| Staff costs (Note 22) | 2,314,484 | 1,878,383 |
| Rental of space | (4,914,780) | (3,980,902) |
| Management fee received | (1,232,848) | (433,760) |
| Bank interest income | (19,652) | (90) |

## 22) STAFF COSTS

| | 2017<br>RM | 2016<br>RM |
|---|---|---|
| Salaries, allowance and related costs | 2,080,443 | 1,683,228 |
| Bonus | 54,675 | 44,850 |
| EPF contribution | 157,299 | 133,170 |
| SOCSO contribution | 22,067 | 17,135 |
| | 2,314,484 | 1,878,383 |

## 23) INCOME TAX EXPENSE

| | 2017<br>RM | 2016<br>RM |
|---|---|---|
| Estimated current tax payable | 250,614 | 53,564 |
| Deferred tax assets (Note 7) | (19,436) | 6,779 |
| | 231,178 | 60,343 |

A numerical reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable statutory income tax rate is as follows:

| | 2017<br>RM | 2016<br>RM |
|---|---|---|
| Accounting profit | 1,148,248 | 264,592 |
| Tax at the applicable statutory income tax rate of 18% (2016: 19%) | 206,685 | 50,272 |
| Tax effects in respect of: | | |
| Change in tax rate | 15,715 | (326) |
| Expenses that are not deductible for tax purpose | 9,461 | 10,397 |
| Utilisation of deferred tax assets not recognised previously | (683) | - |
| Income tax expense | 231,178 | 60,343 |

The tax charge in relation to the component of other comprehensive income is as follows:

| | Before tax RM | Tax effect RM | After tax RM |
|---|---|---|---|
| 2017 | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Revaluation gain on property, plant and equipment | 1,938,667 | (344,016) | 1,594,651 |
| Deferred tax liabilities (Note 7) | | 344,016 | |

## 24) EARNINGS PER ORDINARY SHARE

**Basic earnings per share**

Basic earnings per share is calculated by dividing the consolidated profit or loss attributable to owners by the weighted average number of ordinary shares in issue of Matrix Parking Solution Sdn Bhd during the financial year as follows:

| | 2017 | 2016 |
|---|---|---|
| Profit attributable to owners of the Company (RM) | 917,070 | 204,249 |
| Expected number of ordinary shares upon completion of the proposed listing | 200,001,000 | 200,001,000 |
| Basic earnings per share (sen) | 0.46 | 0.10 |

**Diluted earnings per share**

The calculation of diluted earnings per share is the same with basic earnings per share as there are no dilutive potential ordinary shares.

## 25) LEASE COMMITMENTS

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are:

| | 2017 RM | 2016 RM |
|---|---|---|
| Within one year | 2,118,025 | 2,387,493 |
| Later than one year but not later than five years | 2,556,880 | 4,564,905 |
| Later than five years but not later than ten years | - | 110,000 |
| | 4,674,905 | 7,062,398 |

Operating lease payments represent mainly licensing rental payable by the combining entities for their operations.

**26) DIVIDENDS**

| | 2017 RM | 2016 RM |
|---|---|---|
| An interim single-tier dividend of RM0.34 per ordinary share, declared by Matrix Parking Solution Sdn Bhd, paid on 16th October 2017 | 340,000 | - |
| An interim single-tier dividend of RM2.67 per ordinary share, declared by Matrix Parking Solution Sdn Bhd, paid on 15th February 2016 | - | 480,000 |
| | 340,000 | 480,000 |

**27) RELATED PARTY DISCLOSURES**

i) Significant related party transactions

Significant related party transactions undertaken during the financial year are as follows:

| | 2017 RM | 2016 RM |
|---|---|---|
| Rental of premises paid to related company, Mainland Avenue Sdn Bhd | 45,600 | 45,600 |
| Rental of premises paid to holding company, Netton Resources Sdn Bhd | 36,000 | 36,000 |
| Rental of parking site paid to Simplex Equity Sdn Bhd, a company in which certain directors have financial interests | 60,000 | 60,000 |

The directors are of the opinion that the above transactions were entered into in the ordinary course of business and established on arm's length basis.

ii) Compensation of key management personnel

Key management personnel are the directors of the combining entities of which their compensation has been disclosed in Note 21.

**28) FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair Value Information:

i) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of their fair values:

| | Note |
|---|---|
| Trade receivables, other receivables and refundable deposits | 9 |
| Amount owing by holding company | 10 |
| Deposits with financial institution | 11 |
| Term loans | 15 |
| Other payables and accrued expenses | 16 |
| Hire purchase and finance lease liabilities | 17 |
| Bank overdraft | 18 |
| Amount owing to director | 19 |

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their relatively short-term nature.

ii) Classification of financial instruments

| | 2017<br>RM | 2016<br>RM |
|---|---|---|
| Financial assets | | |
| Loans and receivables: | | |
| Trade receivables | 376,637 | 257,089 |
| Other receivables and refundable deposits | 501,323 | 491,873 |
| Amount owing by holding company | - | 77,119 |
| Deposits with financial institution | 199,278 | 100,000 |
| Cash and bank balances | 1,055,150 | 72,796 |
| | 2,132,388 | 998,877 |
| Financial liabilities at amortised costs | | |
| Other payables and accrued expenses | 685,384 | 742,410 |
| Amount owing to director | - | 697,205 |
| Total borrowings (Notes 15, 17 and 18) | 1,781,847 | 1,001,153 |
| | 2,467,231 | 2,440,768 |

iii) Fair value hierarchy

As at 31st December 2017, there were no financial instruments carried at fair value.

## 29) SEGMENTAL INFORMATION

Primary reporting - Business segments

| | Car park operator and jockey services<br>RM | Management consultancy<br>RM | Eliminations<br>RM | Combined financial statements<br>RM |
|---|---|---|---|---|
| 2017 | | | | |
| REVENUE | | | | |
| External sales | 7,437,495 | 1,231,802 | - | 8,669,297 |
| RESULTS | | | | |
| Profit before tax | 330,432 | 817,816 | - | 1,148,248 |
| Income tax expense | (66,526) | (164,652) | - | (231,178) |
| Profit for the year | 263,906 | 653,164 | - | 917,070 |
| OTHER INFORMATION | | | | |
| Segment assets | 5,759,395 | 526,145 | - | 6,285,540 |
| Segment liabilities | 2,520,473 | 53,792 | - | 2,574,265 |
| Capital expenditure | 488,063 | - | - | 488,063 |
| Depreciation | 403,531 | 162,969 | - | 566,500 |
| Non cash expenses other than depreciation | - | - | - | - |

| 2016 | Car park operator and jockey services RM | Management consultancy RM | Eliminations RM | Combined financial statements RM |
|---|---|---|---|---|
| REVENUE | | | | |
| External sales | 6,035,704 | 453,831 | - | 6,489,535 |
| RESULTS | | | | |
| Profit before tax | 141,148 | 123,444 | - | 264,592 |
| Income tax expense | (32,190) | (28,153) | - | (60,343) |
| Profit for the year | 108,958 | 95,291 | - | 204,249 |
| OTHER INFORMATION | | | | |
| Segment assets | 2,816,776 | 498,966 | - | 3,315,742 |
| Segment liabilities | 2,438,060 | 2,708 | - | 2,440,768 |
| Capital expenditure | 116,946 | 390,659 | - | 507,605 |
| Depreciation | 388,018 | 18,805 | - | 406,823 |
| Non cash expenses other than depreciation | - | - | - | - |

Secondary reporting - Geograhical segments

The Group's operations are entirely located in Malaysia. Therefore, information on geographical segments are not presented.

Major customers

The following are the major customers individually accounting for 10% or more of the Group's revenue for current and prior years:

| | Revenue 2017 RM | Revenue 2016 RM |
|---|---|---|
| Customer A - Car park operations | 687,314 | 680,334 |
| Customer B - Car park operations | 949,671 | 55,500 |

Company No:
1283160-X

**MATRIX PARKING SOLUTION HOLDINGS BERHAD**
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

We, SUKUMARAN S/O K.S.NAIR and CHIN WING WAH, being two of the directors of MATRIX PARKING SOLUTION HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the accompanying combined financial statements 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 as at 31st December 2017 and 2016 and of their financial performance and cash flows of the Group for the corresponding financial years ended on that date.

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

**SUKUMARAN S/O K.S.NAIR**
Director

**CHIN WING WAH**
Director

Petaling Jaya

Date: 24 DEC 2018

**APPENDIX II**

Unaudited financial statements of the Matrix Parking Group
for the FPE 2018

# MATRIX PARKING SOLUTION HOLDINGS BERHAD

**(Company No: 1283160-X)**

COMBINED UNAUDITED STATEMENTS OF FINANCIAL POSITION

AS AT 31 AUGUST 2017 and 31 AUGUST 2018

| | Unaudited<br>31/8/2018<br>RM | Unaudited<br>31/8/2017<br>RM |
|---|---|---|
| **ASSETS** | | |
| **Non-Current Assets** | | |
| Property, plant and equipment | 3,986,412 | 2,225,173 |
| Total Non-Current Assets | 3,986,412 | 2,225,173 |
| | | |
| **Current Assets** | | |
| Trade receivables | 404,754 | 287,254 |
| Other receivables, prepaid expenses and refundable deposits | 725,370 | 753,815 |
| Deposit with financial institution | 200,666 | 187,690 |
| Cash and bank balances | 1,349,049 | 562,229 |
| Total Current Assets | 2,679,839 | 1,790,988 |
| | | |
| **Total Assets** | 6,666,251 | 4,016,161 |
| | | |
| **EQUITY AND LIABILITIES** | | |
| **Capital and Reserves** | | |
| Share capital | 1,000,000 | 1,000,000 |
| Retained earnings | 1,603,969 | 751,998 |
| Revaluation reserves | 1,594,651 | – |
| Total Equity Attributable to Owners of the company | 4,198,620 | 1,751,998 |
| | | |
| **Non-Current Liabilities** | | |
| Term Loans | 1,030,167 | 1,321,517 |
| Deferred tax liabilities | 322,100 | – |
| Total Non-Current Liabilities | 1,352,267 | 1,321,517 |
| | | |
| **Current Liabilities** | | |
| Other payables and accrued expenses | 794,181 | 468,680 |
| Bank overdraft | 93 | 221,254 |
| Term loans | 235,504 | 235,504 |
| Tax liabilities | 85,586 | 17,208 |
| Total Current Liabilities | 1,115,364 | 942,646 |
| Total Liabilities | 2,467,631 | 2,264,163 |
| | | |
| Total Equity and Liabilities | 6,666,251 | 4,016,161 |

# MATRIX PARKING SOLUTION HOLDINGS BERHAD

**(Company No: 1283160-X)**

COMBINED UNAUDITED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 31 AUGUST 2017 AND 31 AUGUST 2018

| | Unaudited 8 months 31/8/2018 RM | Unaudited 8 months 31/8/2017 RM |
|---|---|---|
| Revenue | 6,196,050 | 5,364,204 |
| Direct costs | (2,880,006) | (2,568,486) |
| Gross profit | 3,316,044 | 2,795,718 |
| Other operating income | 29,580 | 47,007 |
| Other operating expenses | (2,248,660) | (2,112,610) |
| Finance costs | (72,881) | (68,114) |
| Profit before tax | 1,024,083 | 662,001 |
| Income tax expenses | (214,638) | (127,456) |
| Net profit for the period / financial year | 809,445 | 534,545 |

# MATRIX PARKING SOLUTION HOLDINGS BERHAD

**(Company No: 1283160-X)**

COMBINED UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2018

| | Share Capital RM | Distributable reserve- Retained earnings RM | Non Distributable reserve- Retained earnings RM | Total RM |
|---|---|---|---|---|
| Balance as at 1 January 2017 | 660,000 | 217,453 | - | 877,453 |
| Net profit for the financial year | - | 534,545 | - | 534,545 |
| Issuance of shares during the financial year | 340,000 | - | - | 340,000 |
| Balance as at 31 August 2017 | 1,000,000 | 751,998 | - | 1,751,998 |
| As At 1 Jan 2018 | 1,000,000 | 794,524 | 1,594,651 | 3,389,175 |
| Net profit for the period | - | 809,445 | - | 809,445 |
| Balance as at 31 August 2018 | 1,000,000 | 1,603,969 | 1,594,651 | 4,198,620 |

# MATRIX PARKING SOLUTION HOLDINGS BERHAD

**(Company No: 1283160-X)**

COMBINED UNAUDITED STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2017 AND 31 AUGUST 2018

| | Unaudited 8 months 31/8/2018 RM | Unaudited 8 months 31/8/2017 RM |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before tax | 1,024,083 | 662,001 |
| Adjustments for : | | |
| Depreciation of property, plant and equipment | 353,536 | 361,747 |
| Finance costs | 72,881 | 68,114 |
| Interest income | (14,770) | (87) |
| **Operating profit before working capital changes** | 1,435,730 | 1,091,775 |
| Changes in working capital : | | |
| Increase in trade receivables | (28,117) | (30,165) |
| Increase in other receivables, prepaid expenses and refundable deposits | (151,047) | (244,668) |
| Decrease in amount owing by holding company | - | 77,119 |
| Increase/(Decrease) in other payables and accrued expenses | 108,797 | (273,730) |
| Increase/(Decrease) in amount owing to director | - | (697,205) |
| Cash Generated Fom Operations | 1,365,363 | (76,874) |
| Interest paid | (72,881) | (68,114) |
| Interest income | 14,770 | 87 |
| Tax paid | (236,086) | (30,579) |
| **Net Cash From Operating Activities** | 1,071,166 | (175,480) |
| | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment | (259,796) | (364,519) |
| **Net Cash Used In Investing Activities** | (259,796) | (364,519) |
| | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from drawdown of term loans | - | 1,000,000 |
| Proceeds from issuance of shares | - | 340,000 |
| Repayment of hire purchase obligations | - | (11,533) |
| Repayment of bank borrowing obligations | (203,915) | (432,599) |
| Increase in fixed deposits pledged with licensed bank | (1,388) | (87,690) |
| **Net Cash From Financing Activities** | (205,303) | 808,178 |
| | | |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | 606,067 | 268,179 |
| | | |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | 742,889 | 72,796 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | 1,348,956 | 340,975 |
| | | |
| **Cash and cash equivalents at end of year consist of:** | | |
| Cash and bank balances | 1,349,049 | 562,229 |
| Bank overdraft | (93) | (221,254) |
| | 1,348,956 | 340,975 |

# MATRIX PARKING SOLUTION HOLDINGS BERHAD

**(Company No: 1283160-X)**

## EXPLANATORY NOTES

### 1. Basis of preparation

The unaudited combined interim financial statements of Matrix Parking Solution Holdings Berhad (“Matrix” or Company) for the 8-month financial period ended (“FPE”) 31st August 2018 have been prepared in accordance with Malaysian Financial Reporting Standard (‘’MFRS’’) and International Financial Reporting Standards (‘’IFRS’’).

The unaudited financial information of Matrix has not been presented in this report because it was only incorporated on 8th June 2018 to facilitate the proposed listing and remained dormant.

The unaudited combined financial statements and the combined financial statement of the Group have been prepared as if the Group has operated as a single economic entity throughout the FPE 31st August 2017 and 31st August 2018 and have been prepared using financial information obtained from the record of the combining entities during the reporting years.

The financial information as presented in the combined financial statements do not correspond to the consolidated financial statements of Matrix Parking Solution Sdn Bhd, as the combined financial statements reflect business combination 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 position, results of operations and cash flows of the combining entities during the reporting periods.

The combined financial statements are presented in Ringgit Malaysia (‘’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 31 December 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.

# MATRIX PARKING SOLUTION HOLDINGS BERHAD

**(Company No: 1283160-X)**

**3. Seasonal or cyclical factors**

We witness seasonal variations in our revenue collection for parking services in selected commercial office buildings, retail, mixed development and social amenity properties, where our revenue collection during school holidays, as well as the year-end holiday period and festive holiday period in Malaysia may be lower when the population of Klang Valley typically leave the city for holidays.

**4. Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity or cash flow during the FPE 31$^{st}$ August 2018.

**5. Material changes in accounting estimates**

There were no material changes in accounting estimates.

**6. Changes in the composition of our Company**

There were no changes in the composition of our Company.

**7. Dividend**

No dividend has been proposed or paid in the current FPE under review.

**8. Segment Information**

**Analysis of revenue by business activities**

Our Group's operations are entirely located in Malaysia. Therefore, information on geographical segments is not presented.

| | **FPE 31/8/2018** | | **FPE 31/8/2017** | |
|---|---|---|---|---|
| | **RM'000** | **%** | **RM'000** | **%** |
| Lease arrangement | 5,285 | 85.3 | 4,511 | 84.1 |
| Management contract | 848 | 13.7 | 789 | 14.7 |
| Owned parking facility | 42 | 0.67 | 41 | 0.76 |
| Jockey charges | 21 | 0.33 | 23 | 0.44 |
| **Total** | **6,196** | **100.0** | **5,364** | **100.0** |

# MATRIX PARKING SOLUTION HOLDINGS BERHAD

**(Company No: 1283160-X)**

**9. Related parties transactions**

There was no related parties transaction occur during the financial period except for those disclosed in Section 5, Part I of our Information Memorandum.

**10. Income tax expense**

| | FPE 31/8/2018<br>RM'000 | FPE 31/8/2017<br>RM'000 |
|---|---|---|
| Current year | 214 | 127 |
| Deferred tax provision | - | - |
| | 214 | 127 |

**11. Acquisition and disposals of property, plant and equipment**

There were no material acquisition and disposal.

**12. Debt and equity securities**

There were no issuances of debt and equity securities during the period.

**13. Interest bearing loans and borrowings**

The bank borrowing as at 31st August 2018 as follows: -

| | FPE 31/8/2018<br>RM'000 | FPE 31/8/2017<br>RM'000 |
|---|---|---|
| Short Term | 236 | 236 |
| Long Term | 1,030 | 1,321 |
| | **1,266** | **1,557** |

**14. Capital commitments**

We had on 5 December 2018 executed sale and purchase agreements to purchase 12 units of property, together with 665 parking bays for RM 2,650,000.

**15. Changes in contingent liabilities and assets**

There were no material changes in contingent liabilities and assets.

# MATRIX PARKING SOLUTION HOLDINGS BERHAD

**(Company No: 1283160-X)**

**16. Events after reporting date**

Save as disclosed in Note 14 above, there were no material events after the reporting except date for events in relation to the proposed listing exercise as stated in the Information Memorandum.

**17. Review of performance**

During the FPE 31$^{st}$ August 2018, the group achieved a review of RM6.2 million with a net profit of RM0.809 million, compare to the financial period to 31$^{st}$ August 2017 where revenue is RM5.36 million and net profit of RM0.534 million. The improvement is mainly due to the full year's revenue for 5 new sites secured in 2017 and 3 additional sites secured in 2018.

**18. Prospects and factors likely to influence our Group's prospects**

Upon the completion of the Sales and Purchase Agreement as mention in Note 14, the rental that we currently pay to the vendors will be saved and this will improve the Group's profitability.

There are several ongoing tenders for parking facility management submitted by our Group. If successful, this will improve the financial performance of our Group further. Further details of our Group's prospects and future plans are set out in Section 2.12, Part I of our Information Memorandum.

**APPENDIX III**

Independent Market Research Report by Providence

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

The Board of Directors
**MATRIX PARKING SOLUTION HOLDINGS BERHAD**
Y-BG-02, D'aman Kayangan
No 1, Jalan PJU 1A/41, Ara Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia.

Dear Sirs,

**Industry Overview on the Parking Facility Management Services Industry, Property and Automotive Markets in Malaysia in conjunction with the Listing of MATRIX PARKING SOLUTION HOLDINGS BERHAD on the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia")**

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("PROVIDENCE") has prepared an Industry Overview Report on the Parking Facility Management Services Industry, Property and Automotive Markets in Malaysia for inclusion in the Information Memorandum of MATRIX PARKING SOLUTION HOLDINGS BERHAD.

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

For and on behalf of PROVIDENCE:

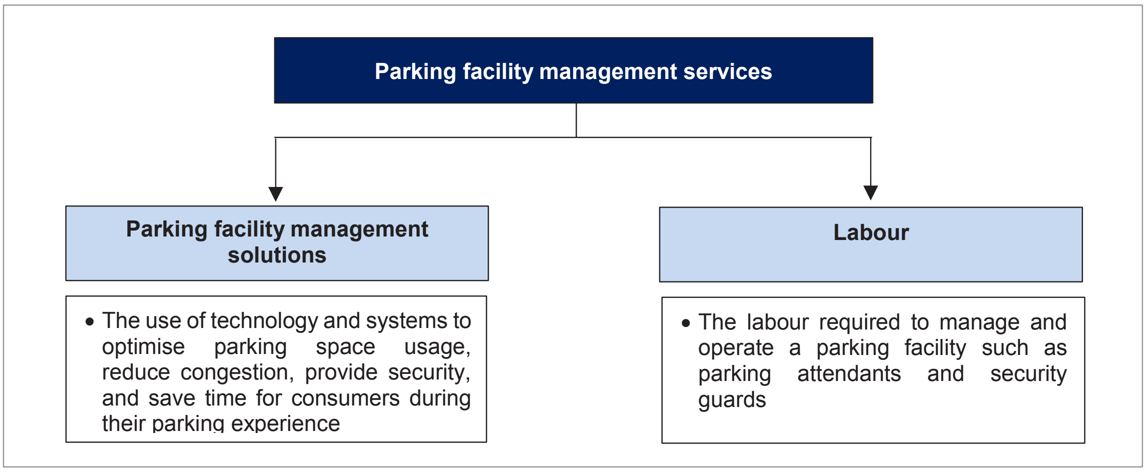
ELIZABETH DHOSS
EXECUTIVE DIRECTOR

# 1 PARKING FACILITY MANAGEMENT SERVICES IN MALAYSIA

Parking facilities are typically managed by parking facility management companies, whereby these companies typically, as part of their services, provide the labour required for the management and operation of parking facilities as well as offer parking facility management solutions to increase revenues of parking facilities. A well-maintained and well-operated parking facility aims to provide customers with convenience as well as security, which can be achieved through the use of labour and parking facility management solutions.

To help ensure that a parking facility is well-maintained and well-operated, employees involved in the operation of parking facilities enforce parking rules, provide security for customers through patrols, and provide any guidance to customers if needed. In addition, parking facility management companies may also use parking facility management solutions in the operations and management of parking facilities to save time and cost, reduce congestion, as well as reduce reliance on labour. Parking facility management solutions refer to the use of technology and systems to optimise parking space usage, reduce congestion, provide security, and save time for consumers during their parking experience – this includes the time taken for the entry and exit to and from the parking facility, ticket payment, as well as the time taken to locate an available parking bay. Parking facility management solutions offered by parking facility management companies include video surveillance, signage, traffic management systems, entry and exit readers as well as gates, auto-pay stations, traffic/parking guidance systems, ticketing and ticketless systems, automatic number plate recognition, and radio frequency identification.

**Segmentation of parking facility management services**



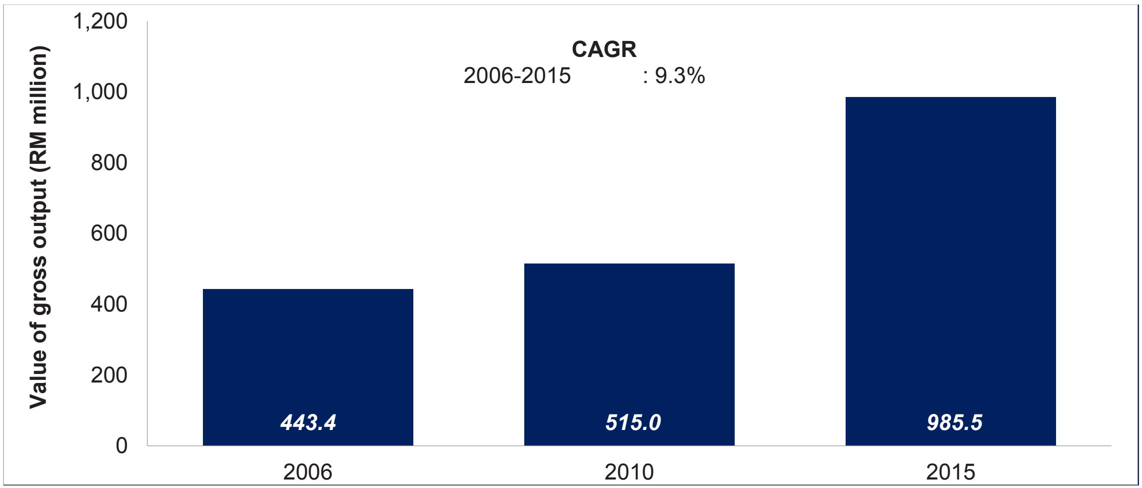

Source: PROVIDENCE

## INDUSTRY PERFORMANCE, SIZE AND GROWTH

Car parking services is a sub-sector of the transportation and storage activities sector and refers to services related to parking facilities for motor vehicles, on a fee basis to the general public. The parking facility management services industry in Malaysia, measured by the value of gross output[1] of car parking services in the country, increased from RM443.4 million in 2006 to RM985.5 million in 2015 at a compound annual growth rate ("CAGR") of 9.3%.

[1] The value of gross output refers to income from services rendered

**Value of gross output of car parking services in Malaysia**




Notes:
1 Latest available as at 6 December 2018
2 Parking facilities operated by enterprise or establishments which are under their direct control and of benefit to their business such as those operated by hotels, hospitals, shopping malls etc. are excluded
Source: Department of Statistics Malaysia, PROVIDENCE analysis

The value of gross output of car parking services in the Klang Valley, comprising Selangor and the Federal Territory of Kuala Lumpur ("Kuala Lumpur"), increased from RM382.5 million in 2010 to RM783.4 million in 2015 at a CAGR of 15.4%. In 2015, the value of gross output of car parking services in the Klang Valley comprised approximately 79.5% of the industry's value of gross output in Malaysia. Parking facility management services in Malaysia is expected to continue witnessing positive growth on the back of the increase in the number of parking facilities due to growing property supply, rise in vehicle ownership, and increasing number of park-and-ride facilities in the country.

**Value of gross output of car parking services in the Klang Valley**

| Year | Value of gross output (RM '000) | | |
|---|---|---|---|
| | Kuala Lumpur | Selangor | Klang Valley |
| 2010 | 185,555 | 196,900 | 382,455 |
| 2015 | 339,966 | 443,395 | 783,361 |
| **CAGR** | **12.9%** | **17.6%** | **15.4%** |

Notes:
1 Latest available as at 6 December 2018
2 Parking facilities operated by enterprise or establishments which are under their direct control and of benefit to their business such as those operated by hotels, hospitals, shopping malls etc. are excluded
Source: Department of Statistics Malaysia, PROVIDENCE analysis

## KEY DEMAND DRIVERS

### Increase in the number of parking facilities as a result of growing property supply

The supply of residential properties in Malaysia increased from 5.1 million units in 2006 to 6.4 million units in 2017 at a CAGR of 2.0%. Commercial development in Malaysia, based on the supply of shops, shopping complexes, purpose-built offices and hotels, also registered positive growth over the same period. Between 2006 and 2017, total supply of shop units increased from 415,149 units to 514,458 units at a CAGR of 2.0%, while shopping complexes registered a CAGR of 4.1% from 11.7 million square meters (“$m^2$”) to 18.2 million $m^2$. Purpose-built offices and hotels registered a CAGR of 2.5% from 18.5 million $m^2$ to 24.4 million $m^2$ and a CAGR of 3.0% from 201,627 rooms to 280,575 rooms respectively between 2006 and 2017. The growth in property supply in Malaysia will result in an increase in the number of parking facilities in the country, thus generating demand for parking facility management services.

**A rise in vehicle ownership will spur the growth of the parking facility management services industry in Malaysia**

Vehicle ownership in Malaysia, measured by the sale of passenger and commercial vehicles in the country, increased from 490,768 vehicles in 2006 to 576,635 vehicles in 2017 at a CAGR of 1.5%. Malaysia’s vehicle ownership is expected to further increase from 576,635 vehicles in 2017 to approximately 637,000 vehicles in 2022, registering a CAGR of 2.0%. The rise in vehicle ownership will generate demand for parking facilities, thus creating a positive impact on the parking facility management services industry in Malaysia.

**Increasing number of park-and-ride facilities in Malaysia will positively impact the parking facility management services industry**

In an effort to increase the usage of public transportation in Malaysia, the Government of Malaysia (“Government”) has undertaken several measures, including but not limited to, the expansion of the Mass Rapid Transit (“MRT”) and Light Rail Transit (“LRT”) lines for wider coverage between areas, provision of disabled-friendly public transport facilities, and the improvement of the bus service network in the country. The expansion of the MRT and LRT lines have resulted in an increase in the number of park-and-ride facilities provided at specific MRT and LRT stations. Park-and-ride facilities refer to parking lots with public transport connections, where commuters are able to park and leave their cars at these parking facilities before taking public transportation for the remainder of their journey. The increase in park-and-ride facilities in Malaysia will generate demand for parking facility management services.

## COMPETITIVE LANDSCAPE

The management and operation of a parking facility may be carried out in-house by the owner of the parking facility or outsourced to parking facility management companies. These parking facility management companies are typically pure play industry players which provide labour for the management and operation of parking facilities, as well as value-add services in an effort to increase yields on behalf of the owner of the parking facility.

Matrix Parking Solution Holdings Berhad is principally a provider of parking facility management services. Matrix Parking Solution Holdings Berhad provides on-site management services at indoor and outdoor parking facilities, as well as valet parking at selected parking facilities as a complementary value added ancillary service.

For the financial year ended 31 December 2017, Matrix Parking Solution Holdings Sdn Bhd’s revenue amounted to RM8.8 million. Based on Matrix Parking Solution Holdings Sdn Bhd’s revenue relative to the revenues of other pure play parking facility management competitors in Malaysia (from the latest available financial statements of each competitor), Matrix Parking Solution Holdings Sdn Bhd registered a market share of 4.1%.

**Financial performance of pure play parking facility management companies**

| Industry player | Business activities | Latest available financial year ended | Total revenue (RM) | Profit before tax (RM) | Profit after tax (RM) | Profit after tax margin (%) | Segmental revenue (RM) [a] |
|---|---|---|---|---|---|---|---|
| AP Parking Managers Sdn Bhd | Provider of parking facility management services | 31 March 2017 | 7,910,790 | 46,483 | -85,336 | -1.1 | 5,579,753 |
| Axis Parking Corporation Sdn Bhd | Provider of parking facility management and consultancy services, as well as valet services | 30 June 2014 | 1,984,748 | -221,627 | -221,627 | -11.2 | 1,984,748 |
| Edisijuta Parking Sdn Bhd [b] | Provider of parking facility management and consultancy services | 31 December 2017 | 39,571,330 | 1,300,838 | 781,709 | 2.0 | 39,571,330 |
| First Central Parking Sdn Bhd | Provider of parking facility management and consultancy services | 31 December 2016 | 952,913 | 119,251 | 38,071 | 4.0 | 952,913 |
| First City Parking Sdn Bhd | Provider of parking facility management and consultancy services | 31 December 2017 | 19,363,071 | 133,255 | 69,624 | 0.4 | 19,363,071 |
| Major Parking (M) Sdn Bhd [c] | Provider of parking facility management services | 30 June 2013 | 4,935,008 | 99,906 | 94,056 | 1.9 | 4,935,008 |
| ***Matrix Parking Solution Sdn Bhd*** | ***Provider of parking facility management services*** | ***31 December 2017*** | ***8,783,000*** | ***1,185,000*** | ***930,000*** | ***10.6*** | ***8,783,000*** |
| Metro Parking (M) Sdn Bhd [d] | Provider of parking facility management and consultancy services, as well as advertising and retail parking services within managed parking facilities | 31 December 2017 | 52,500,618 [e] | 784,871 | 587,086 | 1.1 | 52,500,618 |
| MPark Sdn Bhd [f] | Provider of parking facility management services | 31 December 2017 | 2,195,501 | 410,780 | 381,146 | 17.4 | 2,195,501 |
| Nusa Sejati Sdn Bhd | Provider of parking facility management and consultancy services | 30 June 2017 | 888,970 | -83,835 | -83,835 | -9.4 | 888,970 |
| Park Rite Sdn Bhd | Provider of parking facility management and consultancy services | 31 December 2017 | 17,829,071 | 1,155,446 | 627,772 | 3.5 | 17,829,071 |
| Prominent Excel Sdn Bhd | Provider of parking facility management and consultancy | 30 April 2018 | 15,202,697 | 1,144,662 | 833,634 | 5.5 | 1,289,148 |

| Industry player | Business activities | Latest available financial year ended | Total revenue (RM) | Profit before tax (RM) | Profit after tax (RM) | Profit after tax margin (%) | Segmental revenue (RM) [a] |
|---|---|---|---|---|---|---|---|
| | services, as well as valet services and car storage facilities for new and used cars | | | | | | |
| SCP Parking Sdn Bhd [g] | Provider of parking facility management services | 31 December 2016 | 41,955,929 | 262,765 | -83,389 | -0.2 | 1,050,731 |
| Secure Parking Corporation Sdn Bhd | Provider of parking facility management and consultancy services | 31 December 2016 | 73,552,185 [h] | 1,297,487 | 534,563 | 0.7 | 6,963,116 |
| Semasa Parking Sdn Bhd [i] | Provider of parking facility management services | 31 December 2016 | 42,162,340 | 3,912,726 | 2,234,830 | 5.3 | 41,996,509 |
| Smart Interpark Sdn Bhd | Provider of parking facility management and consultancy services, as well as valet services | 31 March 2018 | 5,816,600 | -40,340 | -40,340 | -0.7 | 5,816,600 |
| Sun Parking Sdn Bhd | Provider of parking facility management and consultancy services | 31 December 2015 | 1,396,857 | 11,511 | 9,049 | 0.6 | 1,396,857 |
| | | | | | Industry average | -8.4% | |

Notes:

Financial performance indicators of listed industry players were extracted from the latest available annual returns filed with the Companies Commission of Malaysia as at 6 December 2018

[a] Segmental revenue comprises revenue derived from services rendered for the management and operation of parking facilities

[b] Subsidiary of Edisijuta Group Sdn Bhd

[c] Formerly known as Wilson Parking (M) Sdn Bhd

[d] Subsidiary of Damansara Realty Berhad

[e] Revenue includes revenue derived from outside of Malaysia

[f] Subsidiary of Edisijuta Group Sdn Bhd

[g] Subsidiary of SCP Capital Sdn Bhd

[h] Revenue includes revenue derived from outside of Malaysia

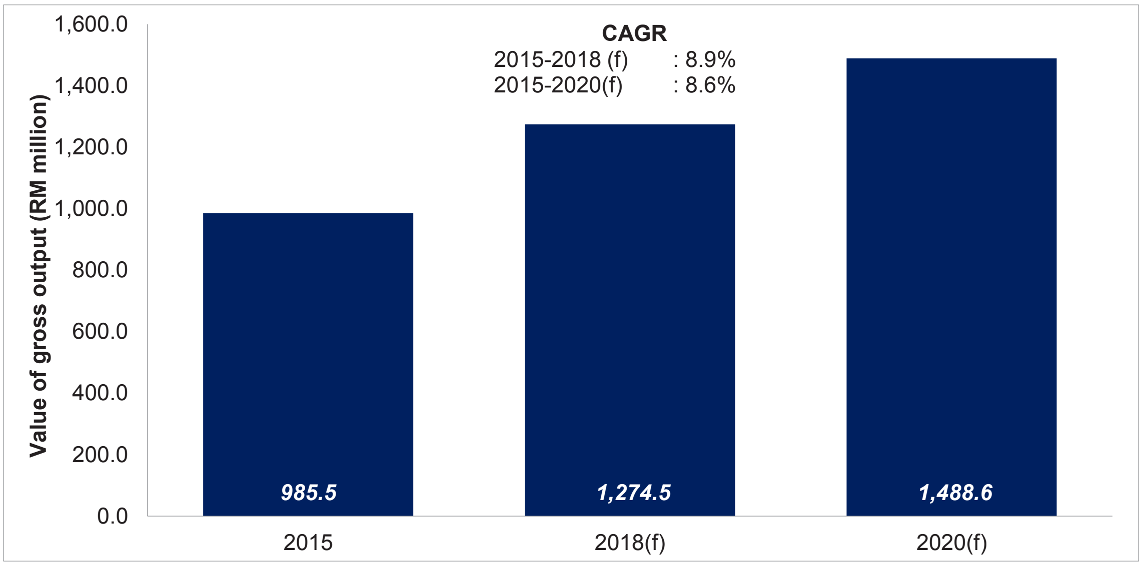
[i] Subsidiary of Malaysian Resources Corporation Berhad

Source: Companies Commission of Malaysia, various annual reports and company websites, PROVIDENCE analysis

## OUTLOOK AND PROSPECTS

The parking facility management services industry in Malaysia is projected to grow from RM985.5 million in 2015 to RM1.3 billion in 2018, recording a CAGR of 8.9%, before further increasing to RM1.5 billion in 2020 at a CAGR of 8.6% between 2015 and 2020. Malaysia's parking facility management services is expected to record positive growth on the back of increasing number of parking facilities due to growing property supply, rising vehicle ownership, and increasing number of park-and-ride facilities in the country.

**Forecasted parking facility management services in Malaysia**




Source: PROVIDENCE analysis

***[The rest of this page is intentionally left blank]***

# 2 Property Market in Malaysia

Property development encompasses all activities involved in the construction of properties ranging from land identification and acquisition; land topography analysis and determination of type of property to be constructed; property design and development plan formulation, preparation and submission; construction activities (directly or via third party construction companies); and ultimately property sales and property management. Property development refers to the development of three primary types of properties, namely residential, commercial and industrial.

## MARKET PERFORMANCE, SIZE AND GROWTH

The supply of residential properties in Malaysia increased from 5.1 million units in 2006 to 6.4 million units in 2017 at a CAGR of 2.0%. Commercial development in Malaysia, based on the supply of shops, shopping complexes, purpose-built offices and hotels, also registered positive growth over the same period. Between 2006 and 2017, total supply of shop units increased from 415,149 units to 514,458 units at a CAGR of 2.0%, while shopping complexes registered a CAGR of 4.1% from 11.7 $m^2$ to 18.2 million $m^2$. Purpose-built offices and hotels registered a CAGR of 2.5% from 18.5 million $m^2$ to 24.4 million $m^2$ and a CAGR of 3.0% from 201,627 rooms to 280,575 rooms respectively between 2006 and 2017.

Land scarcity, coupled with the saturation of business activities, have led to the opening and development of newer areas away from the city centres. In addition, the launch of several regional economic corridors including the East Coast Economic Region, Northern Corridor Economic Region, Iskandar Malaysia, and Sarawak Corridor of Renewable Energy have also had a positive impact on the growth in commercial property during this period.

**Supply of residential and commercial properties in Malaysia**

| | Existing stock | Incoming supply [2] | Planned supply [3] | Total supply |
|---|---|---|---|---|
| **Residential (units)** | | | | |
| 2006 | 3,864,432 | 619,583 | 642,659 | **5,126,674** |
| 2017 | 5,428,493 | 481,332 | 448,199 | **6,358,024** |
| | | | **CAGR** | **2.0%** |
| **Commercial** | | | | |
| **a) Shop (units)** | | | | |
| 2006 | 317,098 | 46,089 | 51,962 | **415,149** |
| 2017 | 441,624 | 40,464 | 32,370 | **514,458** |
| | | | **CAGR** | **2.0%** |
| **b) Shopping complex ($m^2$)** | | | | |
| 2006 | 8,066,446 | 1,902,035 | 1,712,326 | **11,680,807** |
| 2017 | 15,520,183 | 1,776,334 | 899,600 | **18,196,117** |
| | | | **CAGR** | **4.1%** |
| **c) Purpose-built office ($m^2$)** | | | | |
| 2006 | 14,501,104 | 1,716,383 | 2,308,330 | **18,525,817** |
| 2017 | 21,500,116 | 2,154,036 | 729,515 | **24,383,667** |
| | | | **CAGR** | **2.5%** |
| **d) Hotel (rooms)** | | | | |
| 2006 | 150,578 | 16,869 | 34,180 | **201,627** |
| 2017 | 246,564 | 26,576 | 7,435 | **280,575** |
| | | | **CAGR** | **3.0%** |

[1] Incoming supply is defined as properties under construction, where some units may have already been pre-sold

[2] Planned supply is defined as properties where their building plans have been approved by local authorities
Source: Department of Statistics Malaysia, PROVIDENCE analysis

Between 2006 and 2017, the total supply of residential properties in the Klang Valley, comprising Kuala Lumpur, the Federal Territory of Putrajaya, and Selangor, increased from 1.9 million units to 2.3 million units at a CAGR of 1.9%. Among these three areas, Putrajaya recorded the highest increase in supply of residential properties, growing at a rate of 14.2% between 2006 and 2017. In comparison, Kuala Lumpur and Selangor recorded positive but lower growth rates over the same period, at CAGRs of 2.2% and 1.8% respectively. This lower growth is attributed to the saturation of business activities in the city centres, resulting in the opening and development of newer areas away from the city centres.

Commercial development in the Klang Valley, based on the supply of shops, shopping complexes, purpose-built offices and hotels, also registered positive growth over the same period. Between 2006 and 2017, total supply of shop units in the Klang Valley grew at a CAGR of 3.3%, while shopping complexes registered a CAGR of 3.4%. Purpose-built offices in the Klang Valley recorded positive growth, registering a CAGR of 3.5% between 2006 and 2017. However, the supply of hotels in the Klang Valley decreased at a rate of 0.4% over the same period.

**Selected completed major residential and commercial construction projects in Malaysia, specific to the Klang Valley**

| Location | Project | Type of property | Completion date |
|---|---|---|---|
| Klang Valley | Menara Suezcap 1 @ KL Gateway | Commercial | 2017 |
| | Menara Suezcap 2 @ KL Gateway | Commercial | 2017 |
| | Menara Ken @ Taman Tun Dr Ismail | Commercial | 2017 |
| | Sunway Geo Residence | Residential | 2017 |
| | Continew Cheras | Mixed development | 2017 |
| | MyTown Shopping Centre | Commercial | 2017 |
| | KL Gateway Retail Centre | Commercial | 2017 |
| | Melawati Mall | Commercial | 2017 |
| | Selayang Star City Mall | Commercial | 2017 |
| | Four Seasons Place | Mixed development | 2017 |
| | Banyan Tree Signatures Pavilion Kuala Lumpur | Residential | 2017 |
| | W Kuala Lumpur | Hotel | 2018 |
| | The Ruma Hotel and Residences | Hotel | 2018 |
| | Four Seasons Place Kuala Lumpur | Mixed-development | 2018 |
| | Pavilion Hotel Kuala Lumpur | Hotel | 2018 |
| | Menara Etiqa | Commercial | 2018 |
| | EkoCheras | Mixed development | 2018 |
| | Alila Bangsar @ The Establishment | Hotel | 2018 |
| | Marriot @ Empire City | Hotel | 2018 |
| | Equatorial Plaza (Redevelopment) | Mixed development | 2018 |
| | Sunway Geo Residence 2 | Residential | 2018 |

Source: Various sources, PROVIDENCE analysis

## OUTLOOK AND GROWTH PROSPECTS

Property demand of residential and commercial properties in Malaysia, measured by value of property transactions of these properties, witnessed an increase from RM41.0 billion in 2006 to RM93.9 billion in 2017 at a CAGR of 7.8%. However, the softening property market has resulted in an increase in unsold residential units (completed and under construction) from 78,869 units in 2016 to 86,620 units in 2017. On the other hand, shop units witnessed a decrease in unsold units (completed and under construction) over the same period, from 11,958 units to 10,435 units. Between 2016 and the first half of 2017, vacancy rates of shopping complexes and purpose-built offices in Malaysia also witnessed declines, where the vacancy rates of shopping complexes decreased marginally from 18.6% to 18.5% while vacancy rates of purpose-built offices decreased from 17.7% to 16.5%. As a result, in November 2017, the Government imposed a freeze on approvals for shopping complexes, offices, service apartments, and luxury condominiums priced over RM1 million in Kuala Lumpur.[2]

Under the Budget 2019, which was announced in November 2018, several measures were introduced to encourage home ownership and improve Malaysia's property market, namely:

- Continued support of the construction and completion of affordable homes with an allocation of nearly RM1.5 billion;
- Establishment of a fund amounting to RM1 billion by Bank Negara Malaysia to assist the lower income group (earning not more than RM2,300 per month) to help them purchase affordable homes priced up to RM150,000 for the first time;
- Exemption of stamp duty up to RM300,000 on the instrument of transfer and the loan agreement for a period of two years until December 2020 for first-time home buyers purchasing residential properties priced up to RM500,000;
- Extension of loan repayment period from 30 to 35 years for the first loan, and from 25 to 30 years for the second loan to assist civil servants in acquiring their homes;
- Exemption of SST for construction and building materials which will result in a 10% reduction in the price of houses that are not subjected to price control in new projects;
- Exemption of stamp duty on the instrument of transfer and the loan agreement for purchases of new homes from developers valued between RM300,001 and RM1 million, for a period of 6 months, starting from 1 January 2019; and
- Approval of private sector driven 'Property Crowdfunding' platforms which will serve as an alternative source of financing for first-time home buyers.

While the property market was subdued in 2018, the slight decrease in the number of unsold shop units as well as the decrease in the vacancy rates of shopping complexes and purpose-built offices in Malaysia indicates that the country's property market is slowly improving. The freeze on approvals for shopping complexes, offices, service apartments, and luxury condominiums priced over RM1 million in Kuala Lumpur, coupled with Government efforts to boost home ownership in Malaysia under the Budget 2019, is expected to help Malaysia's property market to slowly recover.

Further, in April 2018, the Government launched a master plan for housing programmes for members and veterans of the armed forces in Malaysia. The master plan consists of the Armed Forces Family Housing, One Member One House Programme, 1Malaysia Veterans House Repair Programme, Dream House Initiative, and a one-stop centre to facilitate home ownership. Under the master plan, a total of 40,627 housing units for the armed forces will be built by 2030, including the 9,096 units which are currently under construction. The provision of affordable housing for armed forces personnel will under the master plan will help to boost home ownership and facilitate the growth of Malaysia's property market.

In May 2018, the Government announced the cancellation of the Mass Rapid Transit ("MRT") 3 project, under which the proposed rail line provides integration between the first two MRT lines as well as all rail transportation. The MRT 3 rail line features 11 stops running through densely-populated areas. Key stops

[2] Cabinet orders DBKL to halt approvals for four types of developments, 21 November 2017, EdgeProp

include Ampang Jaya, Jalan Bukit Bintang, the Tun Razak Exchange, Bandar Malaysia at Sungai Besi, Kerinchi, Pusat Bandar Damansara at Damansara Heights, Mont Kiara, Sri Hartamas, and Sentul. While access to public transportation has a positive effect on the price of a property, the cancellation of the MRT 3 project is not expected to adversely affect the property market in Malaysia significantly as the areas affected are mature townships.

**Selected on-going and upcoming major residential and commercial construction projects in Malaysia, specific to the Klang Valley**

| Location | Project | Type of property | Expected completion date |
|---|---|---|---|
| Klang Valley | Central Plaza @ i-City | Commercial | 2019 |
| | Datum Jelatek | Mixed development | 2019 |
| | Three KLCC towers for additional office, hotel and retail space | Commercial | 2019 |
| | Aria Luxury Residence | Residential | 2019 |
| | Redevelopment of Angkasapuri Complex to Media City | Commercial | 2020 |
| | 10 Stonor | Residential | 2020 |
| | AIRA Residence | Residential | 2020 |
| | Reizz Residence | Residential | 2020 |
| | VIIA Hotel | Hotel | 2020 |
| | Cyberjaya City Centre | Mixed development | 2020 onwards (by phases) |
| | KLIA Aeropolis | Mixed development | 2020 onwards (by phases) |
| | Ascott Star Kuala Lumpur City Centre | Mixed development | 2021 |
| | Ativo Suites @ Damansara Avenue | | |
| | Crowne Plaza Kuala Lumpur City Centre | Hotel | 2021 |
| | Ryan & Miho | Residential | 2021 |
| | Bukit Bintang City Centre | Commercial | 2023 |
| | Kwasa Land (260 residential properties) | Residential | 2024 |
| | Merdeka PNB 118 | Commercial | 2024 |
| | Tun Razak Exchange | Commercial | 2028 |
| | River of Life | Commercial | 2029 |
| | Kwasa Sentral | Mixed-development | 2029 |

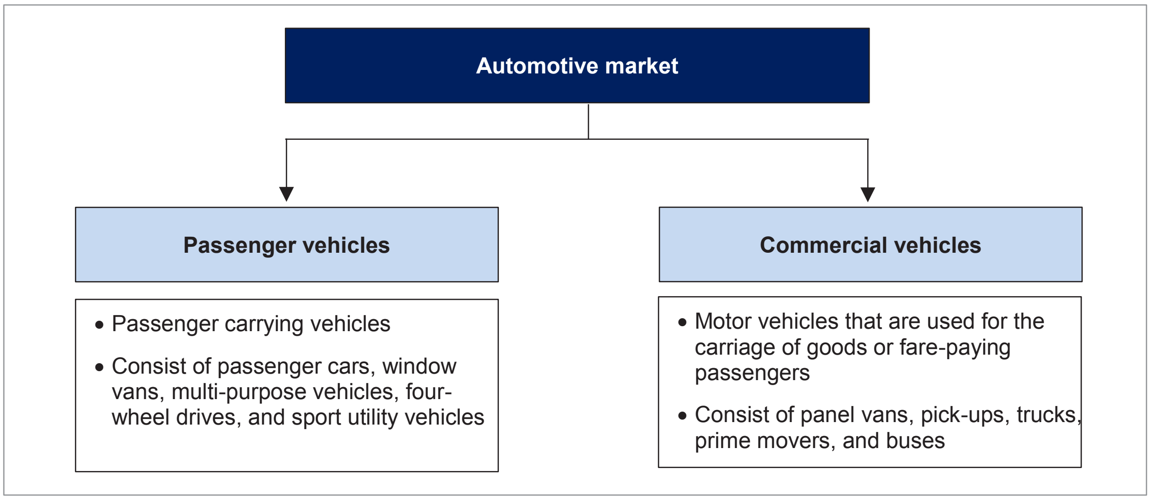
Source: Various sources, PROVIDENCE analysis

***[The rest of this page is intentionally left blank]***

# 3 AUTOMOTIVE MARKET IN MALAYSIA

The automotive market involves the design, development, supply chain, production, distribution, marketing and sales of passenger and commercial vehicles. Passenger vehicles refer to passenger carrying vehicles, and include passenger cars, window vans, multi-purpose vehicles, four-wheel drives, and sport utility vehicles. Commercial vehicles are motor vehicles which can vary in size and are used for the carriage of goods or fare-paying passengers. Commercial vehicles include panel vans, pick-ups, trucks, prime movers, and buses. The sale of vehicles is primarily driven by the ease of transport and mobility that vehicles provide to consumers, including those located in areas that are poorly served by public transit, and certain groups of people such as the elderly or the disabled who may have difficulty using public transportation.

**Segmentation of the automotive market**



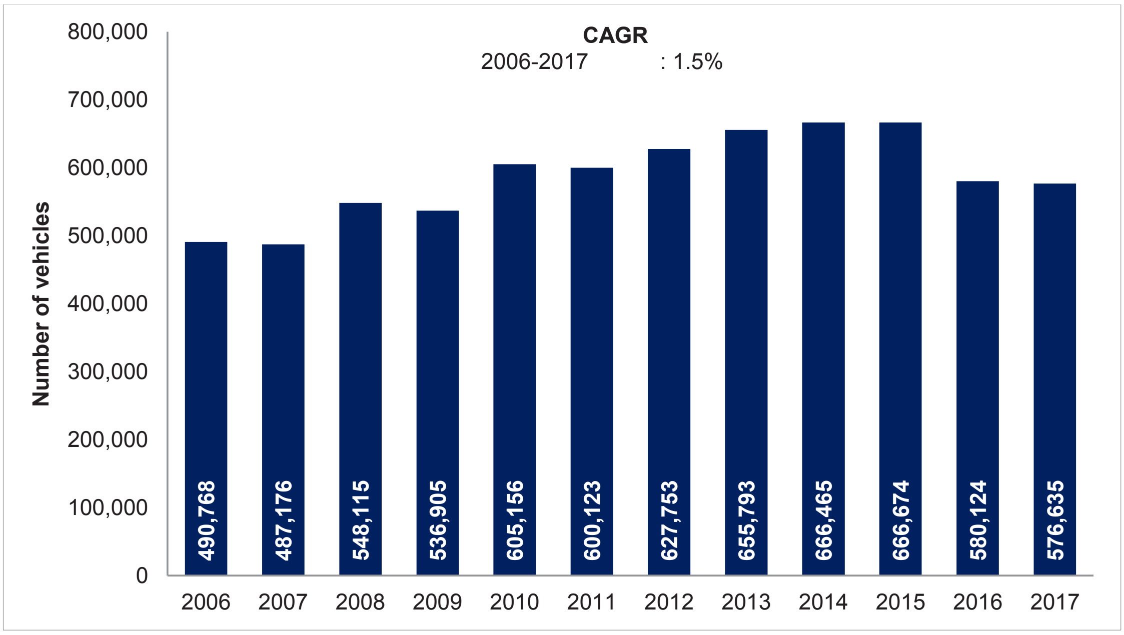

Source: PROVIDENCE

## MARKET PERFORMANCE, SIZE AND GROWTH

The total industry volume of the automotive market in Malaysia, measured by sale of passenger and commercial vehicles in the country, increased from 490,768 vehicles in 2006 to 576,635 vehicles in 2017 at a CAGR of 1.5%. Passenger vehicles comprised approximately 89.3% (514,679 vehicles) of the sale of passenger and commercial vehicles in 2017.

While the number of newly registered passenger vehicles in Malaysia registered positive growth at a CAGR of 2.3% between 2006 and 2017, the number of newly registered commercial vehicles in the country declined at a rate of 3.4% over the same period. The decline in the number of newly registered commercial vehicles in Malaysia is due to the slowdown in the country's economy and the depreciating Ringgit which has impinged on consumer sentiment and business confidence.

**Sale of vehicles in Malaysia**




Source: Malaysian Automotive Association

In May 2018, the Ministry of Finance announced that the Goods and Services Tax ("GST") will be zero rated from 1 June 2018.[3] While the GST was replaced by the Sales and Services Tax ("SST") on 1 September 2018 at a rate of 10.0% for vehicles[4], a tax-free period was created from 1 June 2018 to 31 August 2018. The lower vehicle prices due to the 0% GST rate, which previously stood at 6.0%, coupled with the Ramadan sales in May and June 2018, contributed to a rise in vehicle sales during this three-month period. In June 2018, 64,502 vehicles were sold in Malaysia, recording an increase of 50.1% from the previous month. This further increased to 68,465 vehicles in July 2018. Subsequently, the number of vehicles sold in August 2018 moderated to 65,551 vehicles as the tax-free period came to an end.

## KEY GROWTH DRIVERS AND CONTRIBUTING FACTORS

**Plans, policies and stimulus by the Government will positively impact the automotive market in Malaysia**

The sale of passenger and commercial vehicles in the country, increased from 490,768 vehicles in 2006 to 576,635 vehicles in 2017 at a CAGR of 1.5%. Malaysia's National Automotive Policy ("NAP") 2014, which aims to develop Malaysia as a regional automotive hub for energy-efficient vehicles ("EEVs") by 2020, has contributed to the growth in the Malaysia's automotive market. The NAP 2014 allows foreign carmakers to produce EEVs with an engine capacity of 1.8 litres or less in Malaysia without any equity restrictions. Foreign and local investors in the EEV segment may also be eligible for incentives such as pioneer status, training grants, and incentives for research and development under the NAP 2014.

Several measures under the Budget 2019 will have a positive impact on the automotive market in Malaysia. Under the Budget 2019, the Government introduced a RM30 million Technical and Vocational Education and Training ("TVET") Contestable Fund to encourage public training institutions to bid for

[3] GST zero rated from June 1, 16 May 2018, The Star
[4] Car prices to increase eight per cent with SST reintroduction: Kenanga Research, 30 August 2018, New Straits Times

funds to run competitive programmes with assured job placements for graduates. The Government also allocated an additional RM20 million to raise youth competencies via TVET Bootcamps. This will provide Malaysia's automotive market with the skilled labourers for the manufacture of vehicles in the country, thus boosting Malaysia as a regional automotive hub for EEVs and attracting investments. Further, the Government also introduced the Industry4WRD Policy as a national policy for the period between 2018 and 2025 to help Malaysia achieve its targets of becoming a strategic partner for smart manufacturing and manufacturing-related services in Asia Pacific; the preferred destination for high-tech industry investment; and a total solution provider for advanced technology. Smart manufacturing refers to the use of automation in a company's manufacturing processes, and thus, Malaysia's focus on smart manufacturing will allow manufacturers of vehicle components in the country to increase their production capacity as well as product quality. The measures introduced under both the NAP 2014 and the Budget 2019 will continue to positively impact the automotive market in Malaysia.

## OUTLOOK AND PROSPECTS

In May 2018, the Ministry of Finance announced that the Goods and Services Tax ("GST") will be zero rated from 1 June 2018.[5] While the GST was replaced by the Sales and Services Tax ("SST") on 1 September 2018 at a rate of 10.0% for vehicles[6], a tax-free period was created from 1 June 2018 to 31 August 2018. The lower vehicle prices due to the 0% GST rate, which previously stood at 6.0%, coupled with the Ramadan sales in May and June 2018, contributed to a rise in vehicle sales during this three-month period. In June 2018, 64,502 vehicles were sold in Malaysia, recording an increase of 50.1% from the previous month. This further increased to 68,465 vehicles in July 2018. Subsequently, the number of vehicles sold in August 2018 moderated to 65,551 vehicles as the tax-free period came to an end.

While the three-month tax-free period resulted in higher growth of vehicle sales, the months of September and October registered lower vehicle sales (September: 32,241 vehicles, October: 47,273 vehicles) as many buyers had purchased forward. However, sales are expected to normalise in November and December 2018 due to year-end promotions by automotive industry players to clear up inventory, as well as the launching of new vehicle models.[7]

The Malaysian Automotive Association forecasts that the total industry volume of the automotive market Malaysia will increase from 576,635 vehicles in 2017 to approximately 637,000 vehicles in 2022 at a CAGR of 2.0%. Malaysia's automotive market is expected to record positive growth on the back of Malaysia's NAP 2014 as well as the measures announced under the Budget 2019, as Malaysia aims to achieve its target of becoming a regional automotive hub for EEVs by 2020.

***[The rest of this page is intentionally left blank]***

[5] GST zero rated from June 1, 16 May 2018, The Star
[6] Car prices to increase eight per cent with SST reintroduction: Kenanga Research, 30 August 2018, New Straits Times
[7] MAA not revising auto sales forecast for 2018, 19 September 2018, The Edge

# 4 PROSPECTS AND OUTLOOK FOR MATRIX PARKING SOLUTION HOLDINGS BERHAD

Parking facilities are typically managed by parking facility management companies, whereby these companies typically, as part of their services, provide the labour required for the management and operation of parking facilities as well as offer parking facility management solutions to increase revenues of parking facilities. Car parking services is a sub-sector of the transportation and storage activities sector and refers to services related to parking facilities for motor vehicles, on a fee basis to the general public.

The parking facility management services industry in Malaysia, measured by the value of gross output of car parking services in the country, increased from RM443.4 million in 2006 to RM985.5 million in 2015 at a CAGR of 9.3%. The value of gross output of car parking services in the Klang Valley, comprising Selangor and Kuala Lumpur, increased from RM382.5 million in 2010 to RM783.4 million in 2015 at a CAGR of 15.4%. The parking facility management services industry in Malaysia is projected to grow from RM985.5 million in 2015 to RM1.3 billion in 2018, recording a CAGR of 8.9%, before further increasing to RM1.5 billion in 2020 at a CAGR of 8.6% between 2015 and 2020. Malaysia’s parking facility management services is expected to record positive growth on the back of increasing number of parking facilities due to growing property supply, rising vehicle ownership, and increasing number of park-and-ride facilities in the country.

Malaysia’s property market is expected to continue to soften in 2018, where the softening property market has resulted in an increase in unsold residential units (completed and under construction) from 78,869 units in 2016 to 86,620 units in 2017. On the other hand, shop units witnessed a decrease in unsold units (completed and under construction) over the same period, from 11,958 units to 10,435 units. Vacancy rates of shopping complexes and purpose-built offices in Malaysia also decreased between 2016 and the first half of 2017. Over this period, the vacancy rates of shopping complexes decreased marginally from 18.6% to 18.5% while vacancy rates of purpose-built offices decreased from 17.7% to 16.5%. As a result, in November 2017, the Government imposed a freeze on approvals for shopping complexes, offices, service apartments, and luxury condominiums priced over RM1 million in Kuala Lumpur.

Nevertheless, the slight decrease in the number of unsold shop units as well as the decrease in the vacancy rates of shopping complexes and purpose-built offices in Malaysia indicates that the country’s property market is slowly improving. The freeze on approvals for shopping complexes, offices, service apartments, and luxury condominiums priced over RM1 million in Kuala Lumpur, coupled with Government efforts to boost home ownership in Malaysia under the Budget 2019, is expected to help Malaysia’s property market to slowly recover.

The total industry volume of the automotive market in Malaysia, measured by sale of passenger and commercial vehicles in the country, increased from 490,768 vehicles in 2006 to 576,635 vehicles in 2017 at a CAGR of 1.5%. Passenger vehicles comprised approximately 89.3% (514,679 vehicles) of the sale of passenger and commercial vehicles in 2017. The Malaysian Automotive Association forecasts that the total industry volume of the automotive market Malaysia will increase from 576,635 vehicles in 2017 to approximately 637,000 vehicles in 2022 at a CAGR of 2.0%. Malaysia’s automotive market is expected to record positive growth on the back of Malaysia’s NAP 2014 as well as the measures announced under the Budget 2019, as Malaysia aims to achieve its target of becoming a regional automotive hub for EEVs by 2020.

PROVIDENCE believes that the prospects of Matrix Parking Solution Holdings Berhad will be supported by the growth in the parking facility management services and automotive market in Malaysia on the back of increasing number of parking facilities as a result of growing property supply, increasing number of park-and-ride facilities in Malaysia, and a rise in vehicle ownership.