TTVISION Advanced Machine Vision

TT VISION HOLDINGS BERHAD

(Company No. 1273046-H)

(Incorporated in Malaysia under the Companies Act, 2016)

PROPOSED PLACEMENT OF 40,000,000 NEW ORDINARY SHARES IN TT VISION HOLDINGS BERHAD ("TTVHB") AT AN ISSUE PRICE OF RM0.18 PER SHARE TO INVESTORS WHO FALL WITHIN PART I OF SCHEDULE 7 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 IN CONJUNCTION WITH THE PROPOSED LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED ORDINARY SHARE CAPITAL OF TTVHB ON THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD

INFORMATION MEMORANDUM

THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON BURSA MALAYSIA SECURITIES BERHAD. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS (AS DEFINED HEREIN) ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY THE LISTED CORPORATION. INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

Approved Adviser, Placement Agent and Continuing Adviser

KAF *INVESTMENT BANK BERHAD (20657-W)*

This Information Memorandum is dated 28 December 2018

TT VISION HOLDINGS BERHAD *(Company No. 1273046-H) (Incorporated in Malaysia under the Companies Act, 2016)*

INFORMATION MEMORANDUM

ALL DEFINED TERMS USED IN THIS INFORMATION MEMORANDUM ARE DEFINED UNDER "DEFINITIONS" AND "GLOSSARY OF TECHNICAL TERMS" UNLESS OTHERWISE STATED.

THE DIRECTORS AND PROMOTERS OF TTVHB HAVE SEEN AND APPROVED THIS INFORMATION MEMORANDUM. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS INFORMATION MEMORANDUM FALSE OR MISLEADING.

KAF IB, BEING OUR APPROVED ADVISER, PLACEMENT AGENT AND CONTINUING ADVISER ACKNOWLEDGES 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 OUR PROPOSED LISTING.

AN APPLICATION HAS BEEN MADE TO BURSA SECURITIES FOR ADMISSION OF OUR COMPANY AND THE LISTING OF AND QUOTATION FOR OUR ENTIRE SHARE CAPITAL ON THE LEAP MARKET OF BURSA SECURITIES. NO MONIES SHALL BE COLLECTED FROM THE SOPHISTICATED INVESTORS FOR THE SUBSCRIPTION OF OUR SHARES TO BE ISSUED PURSUANT TO THE PROPOSED LISTING, AND NO SHARES SHALL BE ALLOTTED UNTIL BURSA SECURITIES HAS GRANTED ITS APPROVAL FOR THE ADMISSION OF OUR COMPANY TO THE LEAP MARKET OF BURSA SECURITIES. APPROVAL FROM BURSA SECURITIES OF THE SAME IS NOT AN INDICATION OF THE MERITS OF OUR PROPOSED LISTING, OUR COMPANY OR OUR SHARES.

A COPY OF THIS INFORMATION MEMORANDUM HAS BEEN DEPOSITED WITH THE SC.

SC AND BURSA SECURITIES TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THE 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 THE INFORMATION MEMORANDUM. BURSA SECURITIES DOES NOT MAKE ANY ASSESSMENT ON THE SUITABILITY, VIABILITY OR PROSPECTS OF THE APPLICANT. SOPHISTICATED INVESTORS ARE EXPECTED TO MAKE THEIR OWN ASSESSMENT ON THE APPLICANT OR SEEK APPROPRIATE ADVICE BEFORE MAKING THEIR INVESTMENT DECISIONS.

THIS INFORMATION MEMORANDUM OR ANY DOCUMENT DELIVERED UNDER OR IN RELATION TO THE ISSUANCE OF OUR SHARES IS NOT AND SHOULD NOT BE CONSTRUED AS A RECOMMENDATION BY US AND/OR KAF IB 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 ASSESSMENT AND ANALYSIS OF 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 IN ACCORDANCE WITH THE LISTING REQUIREMENTS.

THERE ARE CERTAIN RISK FACTORS WHICH SOPHISTICATED INVESTORS SHOULD CONSIDER. PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 6 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 HAS BEEN DRAWN UP IN ACCORDANCE WITH THE LISTING REQUIREMENTS IN CONJUNCTION WITH OUR PROPOSED LISTING. 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 ISSUE WITHIN THE MEANINGS OF SECTION 230 OF THE CMSA. THE INFORMATION MEMORANDUM HAS BEEN PREPARED IN THE CONTEXT OF SECURITIES OFFERING UNDER THE LAWS OF MALAYSIA. IT DOES NOT COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR BY ANY REGULATORY AUTHORITY OF ANY JURISDICTION OTHER THAN MALAYSIA.

THIS INFORMATION MEMORANDUM CAN BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT http://www.bursamalaysia.com.

UPON SUCCESSFUL LISTING ON THE LEAP MARKET, WE MAY FROM TIME TO TIME SEND NOTICES AND DOCUMENTS AS REQUIRED BY THE LISTING REQUIREMENTS ("**DOCUMENTS**") BY ELECTRONIC MEANS. THE DOCUMENTS SHALL BE TRANSMITTED TO THE REGISTERED ELECTRONIC MAIL ADDRESS OF OUR SHAREHOLDERS MAINTAINED BY EITHER OUR COMPANY SECRETARY OR 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 ANY OF 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, BY ORDINARY MAIL TO THE SHAREHOLDER'S REGISTERED MALAYSIAN ADDRESS LAST MAINTAINED WITH EITHER OUR COMPANY SECRETARY OR SHARE REGISTRAR, AS THE CASE MAY BE, AT THEIR OWN RISK. IF THE DOCUMENTS ARE PUBLISHED ON OUR WEBSITE, OUR COMPANY WILL IMMEDIATELY AND SEPARATELY SEND A WRITTEN NOTIFICATION OF SUCH PUBLICATION TO OUR SHAREHOLDERS BY WAY OF ORDINARY MAIL, ELECTRONIC MEANS TO THE SHAREHOLDER'S REGISTERED EMAIL ADDRESS, ADVERTISEMENT IN AN ENGLISH DAILY NEWSPAPER IN MALAYSIA AND/OR ANNOUNCEMENT ON BURSA SECURITIES.

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DEFINITIONS

Unless otherwise indicated, the following definitions shall apply throughout this Information Memorandum:-

Acquisition of TT Innovation	:	Acquisition by TTVHB from TT Vision of the entire issued share capital of TT Innovation for a cash consideration of RM1.00, which was completed on 18 December 2018
Acquisition of TT Vision	:	Acquisition by TTVHB from the Vendors of TT Vision of the entire issued share capital of TT Vision for a total purchase consideration of RM34,349,990 satisfied entirely via the issuance of 343,499,900 new Shares, which was completed on 18 December 2018
Acquisitions	:	Collectively, the Acquisition of TT Vision and Acquisition of TT Innovation
Act	:	Companies Act, 2016, as amended from time to time and any re-enactment thereof
Baker Tilly	:	Messrs Baker Tilly Monteiro Heng (AF0117)
Board	:	Board of Directors of TTVHB
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CFO	:	Chief Finance Officer
China	:	The People's Republic of China
CMSA	:	Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
EBITDA	:	Earnings before interests, taxation, depreciation and amortisation
EPS	:	Earnings per Share
Financial Periods Under Review	:	Collectively, the FYE 2016, FYE 2017 and FPE 2018
FPE	:	Financial period(s) ended/ending, as the case may be 30 June
FYE	:	Financial year(s) ended/ending, as the case may be, 31 December
GP	:	Gross profit
Information Memorandum	:	This Information Memorandum dated 28 December 2018
Issue Price	:	The issue price of RM0.18 per Share
KAF IB or **Approved Adviser** or **Placement Agent** or **Continuing Adviser**	:	KAF Investment Bank Berhad (20657-W)
Khazanah	:	Khazanah Nasional Berhad (275505-K)
LEAP Market	:	LEAP Market of Bursa Securities
Listing Requirements	:	LEAP Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made and enacted from time to time

Listing Scheme	:	Collectively, the RCCPS Conversion, Acquisitions, Proposed Placement and Proposed Listing
LPD	:	30 November 2018, being the latest practicable date prior to the date of this Information Memorandum or as otherwise stated
MDEC	:	Malaysia Digital Economy Corporation Sdn Bhd (389346-D)
MIDA	:	Malaysian Investment Development Authority
MITI	:	Ministry of International Trade and Industry Malaysia
MSC	:	Multimedia Super Corridor Malaysia
MTDC	:	Malaysian Technology Development Corporation Sdn Bhd (235796-U)
NA	:	Net assets
NBV	:	Net book value
Official List	:	The list specifying all securities listed on the LEAP Market
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price-to-earnings multiple
Philippines	:	The Republic of Philippines
Placement Shares	:	New Shares to be issued pursuant to the Proposed Placement at the Issue Price
Promoter(s)	:	Collectively, Goon Koon Yin, Wong Yih Hsow, Jennie Tan Yen-Li and MTDC
Proposed Listing or **Listing**	:	Proposed admission to the Official List and the listing of and quotation for our entire enlarged issued share capital comprising 383,500,000 Shares on the LEAP Market
Proposed Placement	:	Proposed placement of 40,000,000 Placement Shares, representing approximately 10.43% of our enlarged issued share capital at the Issue Price, subject to the terms and conditions of this Information Memorandum
R&D	:	Research and development
RCCPS	:	Redeemable cumulative convertible preference shares of RM0.01 each in TT Vision
RCCPS Conversion	:	Conversion by MTDC of its entire 8,750,000 RCCPS held in TT Vision into 197,039 new TT Vision Shares
RM and **sen**	:	Ringgit Malaysia and sen, respectively
SC	:	Securities Commission Malaysia
Sophisticated Investor(s)	:	Any person who falls within any of the categories of investors set out in Part I of Schedule 7 of the CMSA
sq ft	:	Square feet or square foot
TT Innovation	:	TT Innovation Centre Sdn Bhd (745641-H)

DEFINITIONS *(cont'd)*

TT Innovation Share(s)	:	Ordinary share(s) in TT Innovation
TT Vision	:	TT Vision Technologies Sdn Bhd (546854-K)
TT Vision Share(s)	:	Ordinary share(s) in TT Vision
TTVHB or **Company**	:	TT Vision Holdings Berhad (1273046-H)
TTVHB Group or **Group**	:	Collectively, TTVHB and its wholly-owned subsidiaries, namely, TT Vision and TT Innovation
TTVHB Share(s) or **Share(s)**	:	Ordinary share(s) in TTVHB
USA or **US**	:	United States of America
USD	:	US Dollar
Vendors of TT Vision	:	Collectively, Goon Koon Yin, Wong Yih Hsow, Jennie Tan Yen-Li, Tan Oon Pheng and MTDC
Vital Factor	:	Vital Factor Consulting Sdn Bhd (266797-T)
Waftech	:	Waftech Sdn Bhd (759152-H), a former 20%-owned associated company of TT Vision
WBT	:	Messrs Wong Beh & Toh

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GLOSSARY OF TECHNICAL TERMS

This glossary contains explanation of certain terms used throughout this Information Memorandum in connection with our Group and business. The terminologies and their meanings may not correspond to the standard industry meanings usage of these terms. Unless otherwise indicated, the following definitions shall apply throughout this Information Memorandum:-

2.5D	: 2.5-dimensional
2D	: Two-dimensional
3D	: Three-dimensional
AOI	: Automated optical inspection
Busbar	: In solar cells, busbar is a thin strip of copper or aluminium printed on the front and back sides of a solar cell which conducts electricity. Solar cell busbar is also known as solar cell fingers.
Chip	: A layman's term for a semiconductor die. It is sometimes used interchangeably with the term "integrated circuit" or "IC". An example of a chip for the processing of information is the central processing unit and a chip used for storage of data is called the memory chip
CoaXPress	: A digital interface standard for the transmission of high-speed vision data from a single camera, to a host such as a frame grabber in a computer, using a single standard coax cable (a type of electrical cable)
Die	: In semiconductor industry, a die is basically an individual integrated circuit or chip that has not been packaged yet. When a wafer is completed through the fabrication process, the surface of the wafer contains many individual die
Electroluminescence (EL) imaging technology	: Electroluminescence is the emission of photons (light particles) in the presence of an electric field or current. EL imaging technology involves stimulating a semiconductor material such as solar cell with electric current and using a Near Infrared sensitive camera to capture the solar cell's pale light emissions creating an electroluminescence image
Flip-chip	: A chip packaging technique in which the active area of the chip is "flipped over" facing downward. Sometimes, the term "flip chip" also refers to the chip that had undergone the flip chip packaging technique
fps	: Frames per second
Integrated circuit or **IC(s)**	: An electronic device containing a few to millions electronic components such as transistors and resistors, that are etched or imprinted onto a tiny slice of a semiconductor material such as silicon or germanium. It is also called a chip, microchip or die
Interdigitated Back Contact (IBC) Solar Cell	: IBC solar cell is a type of back or rear contact solar cell which achieved higher efficiency by moving all or part of the front contact grids to the rear of the device. It eliminates shading losses altogether by putting both contacts on the rear of the cell. IBC solar cell is also a type of crystalline silicon solar cell.

Internet of Things or **IoT**	:	An environment where devices with inbuilt communications capabilities are able to communicate through one or more networks to send and receive data. Internet of Things devices include wearable, connected cars, smart phones, meters and sensors
I-V tester	:	A tester which measures the power rating or efficiency of the solar cell or module
Lead frames	:	A thin layer of metal frame where the die is typically glued onto. During the die attachment process, a die is attached onto the lead frame. One method of attaching the die to the lead frame is through a wire bonding process
Light-emitting diode or **LED**	:	LED is a semiconductor device that emits infrared or visible light when charged with an electric current
Monocrystalline solar cell	:	Monocrystalline solar cell is a type of crystalline solar cell that uses thin wafers sliced from a single, pure crystal silicon ingot
Optoelectronics	:	Optoelectronics devices and components are electronic devices that convert electrical energy into light and light into energy through semiconductors. This can include electrically driven light sources such as laser diodes and LEDs, and components for converting light to an electrical current such as solar and photovoltaic cells. Although solar cell is a type of optoelectronic device, in the context of this report, it is separated from the optoelectronic industry and is categorized under the solar industry
Package	:	In the semiconductor industry, a semiconductor package refers to a casing containing one or more semiconductor electronic components. The package provides protection against impact and corrosion, holds the contact pins or leads which are used to connect from external circuit to the device, and dissipates heat produced in the device
Photoluminescence (PL) imaging technology	:	Photoluminescence is the emission of light when stimulated by a light source such as infrared. PL imaging technology involves using a high powered infrared laser and LED to homogenously illuminate a solar cell combined with a Near Infrared sensitive camera to capture a snapshot the luminescence emitted by the sample creating a photoluminescence image. In layman's terms, photoluminescence technology is an advanced "glow in the dark" technology
Polycrystalline solar cells	:	Polycrystalline solar cell is a type of crystalline solar cell that uses thin wafers sliced from a multi-crystalline form of silicon with high purity
Semiconductor	:	It is a material that has electric conductivity properties somewhere between a good conductor like copper and an insulator like plastic. The term "semiconductor" used herein refers to "semiconductor devices or components" and not the material, unless otherwise stated. Some examples of semiconductor devices or components include substrates (for example wafers), discrete electronic components (for example transistors, diodes, capacitors and resistors), optoelectronics and sensors (for example LED and solar cells), and integrated circuits (for example memory chips)

GLOSSARY OF TECHNICAL TERMS *(cont'd)*

Silicon based heterojunction technology (Si-HJT) solar cell	:	Si-HJT solar cell is a type of crystalline solar cell that combines the advantages of crystalline silicon solar cells with thin film technologies enabling solar cells to reach higher degrees of efficiency at lower cost of production
Solar cell	:	A device composed of semiconductor materials that converts sunlight into direct current electricity
Solar panel	:	Combination of multiple solar cells that captures and combines the electrical output of each solar cell
Solar wafer	:	A substrate made up of crystalline silicone, which is a semiconductor material, that is used in the fabrication of solar cells
Substrate	:	In electronics, substrate refers to a slice of semiconductor material such as silicon that serves as the foundation for the construction of components such as transistors and ICs
uph	:	Units per hour
Vision Inspection Module	:	An automated system incorporating a camera and software for visual detection or inspection, such as markings, defects, colour recognition and measurement, that provides feedback to the automation system to perform an action
Wafer	:	In semiconductor industry, wafer is a round disc of semiconductor material such as silicon in which integrated circuits are simultaneously fabricated onto the wafer during the wafer fabrication process. In some cases, the term patterned wafer and non-patterned wafer is used to distinguish between a bare wafer (i.e. before undergoing the wafer fabrication process) and a wafer that has a circuit pattern etched onto (i.e. after undergoing the wafer fabrication process)
Wafer dicing	:	The process of dicing a wafer to separate out the individual die before it goes through the die attachment process
Wire bond	:	A method of making connections between an IC or other semiconductor device and its packaging during semiconductor device fabrication

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PRESENTATION OF INFORMATION

Words importing the singular include the plural and vice versa. Words importing a gender include any gender. References to persons include a corporation. Any reference to words such as “we”, “us”, “our” and “ourselves” in this Information Memorandum shall be a reference to our Company, our Group or any member company of our Group as the context requires, unless otherwise stated. All references to “TTVHB” and “our Company” in this Information Memorandum are to TT Vision Holdings Berhad, references to “our Group” are to our Company and our subsidiaries taken as a whole. Unless the context otherwise requires, references to “Management” are to our Directors and key management personnel as at the date of this Information Memorandum, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

This Information Memorandum includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Information Memorandum, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Information Memorandum is extracted or derived from report(s) prepared by Vital Factor. We believe that the statistical data and projections cited in this Information Memorandum are useful in helping you understand the major trends in the industry in which we operate. However, third-party projections, including the projections from Vital Factor, cited in this Information Memorandum are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the third-party projections cited in this Information Memorandum.

Certain numbers presented in this Information Memorandum have been rounded off to the nearest thousandth or 2 decimal places, hence may not be exact. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

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

The information on our website, or any website directly or indirectly linked to such website does not form part of this Information Memorandum and you should not rely on it.

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FORWARD LOOKING STATEMENTS

This Information Memorandum contains forward-looking statements, which include all statements other than those of historical facts including, among others, those regarding our financial position, business strategies, prospects, plans and objectives of our Management for future operations. Some of these statements can be identified by the use of forward-looking terminology such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our control that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. As such, we cannot assure you that the forward-looking statements in this Information Memorandum will be realised.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 6 on Risk Factors and Section 8.2 on Management’s Discussion and Analysis of Financial Condition and Results of Operations of this Information Memorandum.

These forward-looking statements are based on information available to us as at the date of this Information Memorandum. Subject to the provisions of Section 238 of the CMSA, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Information Memorandum to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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

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INDICATIVE TIMETABLE AND PRINCIPAL STATISTICS OF THE PROPOSED LISTING

INDICATIVE TIMETABLE

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

Events	**Tentative Dates**
Date of Information Memorandum	28 December 2018
Date for allotment of the Placement Shares	* Mid-March 2019
Listing of TTVHB on the LEAP Market of Bursa Securities	* Mid-March 2019

Note:-

* Subject to receipt of approval from Bursa Securities for the Proposed Listing.

This timetable is indicative and is subject to changes which may be necessary to facilitate implementation procedures. An announcement for the key relevant dates will be made after obtaining the approval from Bursa Securities for the Proposed Listing.

PRINCIPAL STATISTICS OF THE PROPOSED LISTING

Issue price per Placement Share	RM0.18
Number of existing issued share capital	343,500,000
Number of Placement Shares to be issued	40,000,000
Number of enlarged issued share capital upon completion of Proposed Listing	383,500,000
Percentage of enlarged share capital represented by Placement Shares	10.43%
Gross proceeds to be raised from the Proposed Placement	RM7,200,000
Market capitalisation upon completion of the Proposed Listing	RM69,030,000

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Company No: 1273046-H

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS	:	Goon Koon Yin *(Executive Chairman)* Wong Yih Hsow *(Chief Executive Officer and Executive Director)* Jennie Tan Yen-Li *(Executive Director)* Mohd Jerry Tan Bin Mohd Safi *(Non-Independent Non-Executive Director)* Nadiah Wong Binti Abdullah *(Independent Non-Executive Director)*
COMPANY SECRETARY	:	Lim Yong Chiat (MAICSA 7060553)
REGISTERED OFFICE	:	9-1, 9th Floor, Wisma Penang Garden 42, Jalan Sultan Ahmad Shah 10050 Georgetown Penang
HEAD OFFICE	:	Plot 106, Hilir Sungai Keluang 5 Bayan Lepas Industrial Zone, Phase 4 11900 Penang Email : enquiry@ttvision-tech.com Website : www.ttvision-tech.com
APPROVED ADVISER, PLACEMENT AGENT AND CONTINUING ADVISER	:	KAF Investment Bank Berhad (20657-W) Level 14, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur
AUDITORS	:	Baker Tilly Monteiro Heng Chartered Accountants (AF0117) Baker Tilly MH Tower Level 10, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur
SOLICITORS	:	Wong Beh & Toh 1st Floor, Nos. 173 & 174 Jalan Kelab Cinta Sayang Taman Ria Jaya 08000 Sungai Petani Kedah
INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANT	:	Vital Factor Consulting Sdn Bhd (266797-T) V Square @ PJ City Centre (VSQ) Block 6, Level 6, Jalan Utara 46200 Petaling Jaya Selangor

1. CORPORATE DIRECTORY *(cont'd)*

PRINCIPAL BANKERS	:	Hong Leong Bank Berhad (97141-X) No 15-G-1 (Bayan Point) Medan Kampung Relau 11900 Penang Public Bank Berhad (6463-H) 87, Bishop Street 10200 Penang
SHARE REGISTRAR	:	Agriteum Share Registration Services Sdn Bhd (578473-T) 2nd Floor, Wisma Penang Garden 42, Jalan Sultan Ahmad Shah 10050 Penang
LISTING SOUGHT	:	LEAP Market of Bursa Securities

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2. PARTICULARS OF OUR PROPOSED LISTING

2.1 DETAILS OF THE LISTING SCHEME

2.1.1 Listing Scheme

Our Listing Scheme involves the following proposals:-

(a) RCCPS Conversion

Pursuant to the Proposed Listing, MTDC had on 11 December 2018 converted its entire 8,750,000 RCCPS held in TT Vision into 197,039 new TT Vision Shares.

The new TT Vision Shares issued pursuant to the RCCPS Conversion rank *pari passu* in all respect with the existing TT Vision Shares except that the new TT Vision Shares will not be entitled to any dividends, rights, allotments or other distributions declared, made or paid prior to the date of allotment of such new TT Vision Shares.

(b) Acquisitions

(i) Acquisition of TT Vision

Our Company had entered into a conditional share sale agreement dated 16 October 2018 with the Vendors of TT Vision to acquire the entire issued share capital of TT Vision comprising 597,039 TT Vision Shares (after the RCCPS Conversion) for a purchase consideration of RM34,349,990 satisfied wholly by the issuance of 343,499,900 new Shares at an issue price of RM0.10 each. All the new Shares issued pursuant to the Acquisition of TT Vision will rank *pari passu* in all respect with the existing Shares.

Vendors	No. of TT Vision Shares	Equity interest (%)	Purchase consideration (RM)	No. of new Shares issued
Goon Koon Yin	180,000	30.15	10,356,525	103,565,250
Wong Yih Hsow	180,000	30.15	10,356,525	103,565,250
Jennie Tan Yen-Li	20,000	3.35	1,150,720	11,507,200
Tan Oon Peng	20,000	3.35	1,150,720	11,507,200
MTDC	197,039	33.00	11,355,000	113,355,000
Total	**597,039**	**100.00**	**34,349,990**	**343,499,900**

The purchase consideration of TT Vision was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited consolidated NA of TT Vision as at 31 December 2017 of approximately RM24.1 million and after adjusting for the RCCPS Conversion.

(ii) Acquisition of TT Innovation

Our Company had also entered into a conditional share sale agreement dated 16 October 2018 with TT Vision to acquire the entire issued share capital of TT Innovation comprising 100,000 TT Innovation Shares for a cash consideration of RM1.00 and was satisfied via internally generated funds. The purchase consideration of TT Innovation of RM1.00 was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited net liabilities of TT Innovation as at 31 December 2017 of approximately RM0.90 million.

Upon completion of the Acquisitions on 18 December 2018, TT Vision and TT Innovation became our wholly-owned subsidiaries and our issued and paid-up share capital increased from 100 Shares to 343,500,000 Shares.

(c) Proposed Placement

Pursuant to our Proposed Listing, we intend to issue 40,000,000 Placement Shares, representing approximately 10.43% of our enlarged issued share capital at the Issue Price to be placed out to Sophisticated Investors. Upon completion of the Proposed Placement, our entire enlarged share capital shall be increased to 383,500,000 Shares.

(d) Proposed Listing and Quotation of TTVHB Shares

Our Proposed Listing is subject to the approval from Bursa Securities. We have, concurrent with the issuance of this Information Memorandum, made an application to Bursa Securities for the admission of our Company to the Official List and the listing of and quotation for our entire enlarged share capital of 383,500,000 Shares on the LEAP Market of Bursa Securities and is presently awaiting the decision from Bursa Securities.

2.1.2 Basis of Arriving at the Issue Price

The issue price of RM0.18 per Share was determined and agreed upon by our Company and our Approved Adviser based on various factors including, but not limited to, the following:-

(a) the PE Multiple of approximately 14.29 times based on our consolidated EPS of 1.26 sen for the FYE 2017, computed based on our enlarged issued share capital of 383,500,000 Shares upon Listing;

(b) our future prospects and potential of our business taking into consideration of our competitive strengths, business model and future plans as set out in Section 4 of this Information Memorandum; and

(c) our historical financial performance as described in Section 8 of this Information Memorandum.

Prior to our Listing, there was no public market for our Shares within or outside Malaysia. You should note that the future market price of our Shares upon Listing is subject to the vagaries of the market forces and other uncertainties that may affect the price of our Shares when they are traded. You are reminded to carefully consider the risk factors set out in Section 6 of this Information Memorandum and form your own views on the valuation of our Shares before deciding to invest in them.

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2. PARTICULARS OF OUR PROPOSED LISTING *(cont'd)*

2.2 SHAREHOLDING STRUCTURE

In summary, the shareholding structure of our Company after the Proposed Listing is set out below:-

	Before the Proposed Listing		After the Proposed Listing	
	No. of Shares	**[(a)] %**	**No. of Shares**	**[(b)] %**
Existing shareholders (including Promoters, substantial shareholders and other shareholder)	343,500,000	100.00	343,500,000	89.57
Sophisticated Investors	-	-	40,000,000	10.43
Total	**343,500,000**	**100.00**	**383,500,000**	**100.00**

Notes:-

(a) Based on our enlarged issued share capital of 343,500,000 after the Acquisitions but prior to the Proposed Placement.

(b) Based on our enlarged issued share capital of 383,500,000 after the Proposed Placement and Proposed Listing.

2.3 OBJECTIVES OF 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 2.4 of this Information Memorandum;

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

(d) to enhance the corporate profile of our Group.

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2.4 UTILISATION OF PROCEEDS

Based on the Issue Price, we expect to raise gross proceeds of approximately RM7.20 million from the Proposed Placement and each principal intended use of the proceeds is set out below:-

	Description	Timeframe for Utilisation Upon Listing	Amount (RM'000)	% of Total Gross Proceeds (%)
(a)	Construction of new manufacturing facility	Within 12 months	5,000	69.44
(b)	Working capital	Within 12 months	1,000	13.89
(c)	Estimated listing expenses	Immediate	1,200	16.67
	Total gross proceeds		**7,200**	**100.00**

Pending the utilisation of the proceeds from the Proposed Placement for the abovementioned purposes, the said proceeds will be placed with licensed banks and/or financial institutions.

In the event that the actual amounts vary from the above estimates, the excess or shortfall, as the case may be, would be reallocated to/from the amount earmarked for working capital.

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

(a) Construction of New Manufacturing Facility

We intend to allocate RM5.0 million to part finance the expansion of our existing manufacturing facility in line with our business plan. In this regard, we have budgeted a total cost of approximately RM10.80 million for the construction of a new manufacturing facility including related infrastructure, building costs and interior renovations. The remaining balance of the total construction cost is expected to be financed via a combination of external borrowings and/or internally generated funds. The new manufacturing facility, which will comprise a management office, R&D centre to carry out production development activities, product showroom as well as training rooms, will be built on our remaining vacant 1.33-acre land. Construction has commenced in October 2018 with the piling works completed in November 2018. The official commissioning of the new manufacturing facility is scheduled in the third quarter of 2019. Depending on the timing of the Proposed Listing and progress of the construction, the allocated proceeds of RM5.0 million may be utilised to part finance the construction cost directly or be channelled towards settling external borrowings that has been drawn down.

Upon completion, our total combined floor space dedicated to our principal operations will be increased from 22,000 sq ft to about 53,000 sq ft. Please refer to Section 4.14.1 of this Information Memorandum for further details on the construction of our new manufacturing facility.

(b) Working Capital

Our requirement for working capital will increase in tandem with our expected expansion and business growth. Therefore, we expect to utilise RM1.0 million for additional working capital purpose to finance our day-to-day operations.

The breakdown of proposed utilisation of proceeds for working capital is as follows:-

Details of the working capital	(RM'000)
(i) General working capital requirements	550
(ii) Marketing activities including participation in trade shows and exhibitions	300
(iii) Training of workforce	150
Total	**1,000**

Notes:-

(i) **General working capital requirements**

In tandem with our Group's business growth, we plan to utilise RM0.55 million for various aspects of our business such as purchase of materials, inventories and to finance other operating costs and factory overheads of our Group's day-to-day operations including for our new manufacturing facility.

(ii) **Marketing activities including participation in trade shows and exhibitions**

We intend to increase our marketing activities in line with initiatives to enhance our Group's image and presence. To promote our products locally and to export markets, we intend to step up our participation in various regional and international exhibitions, and trade shows as part of our marketing initiatives. A sum of RM0.30 million has been earmarked for this purpose.

(iii) **Training of workforce**

In line with our Group's expected expansion and business growth, we intend to bolster our workforce to service our potential and existing customers better. We expect to utilise RM0.15 million for the training of our existing and new staff in the technical and R&D as well as sales and marketing.

(c) Estimated Listing Expenses

Our estimated listing expenses include professional advisory fees, fees payable to relevant authorities, placement fees, printing fees and other incidental or related expenses and contingencies relating to our Proposed Listing. Any excess or shortfall in actual amount would be reallocated to/from the amount earmarked for working capital purpose.

2.5 APPROVALS REQUIRED, MORATORIUM AND UNDERTAKINGS

2.5.1 Approvals Required for the Proposed Listing

The listing of and quotation for our entire issued share capital on the Official List of Bursa Securities is subject to the following:-

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

(b) the successful implementation and completion of our Proposed Placement.

2.5.2 Moratorium and Undertakings

In compliance with Rule 3.07 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:-

(a) the moratorium applies to the entire shareholdings of our Promoters for a period of 12 months from the date of our admission to the Official List ("**First 12-Months Moratorium**");

(b) upon the expiry of the First 12-Months Moratorium, it must be ensured that our Promoters' aggregate shareholdings amounting to at least 45% of our total number of issued share capital remain under moratorium for another period of 36 months ("**Subsequent 36-Months Moratorium**"); and

(c) thereafter, our Promoters may sell, transfer or assign our Shares held under moratorium.

In addition to all our Promoters, Tan Oon Pheng, our existing shareholder, has also voluntarily agreed to place her entire shareholdings in TTVHB under moratorium for a period of 12 months from the date of our admission to the Official List.

The details of the moratorium are as set out below:-

	First 12-Months Moratorium		Subsequent 36-Months Moratorium	
	No of Shares	*** (%)**	**No of Shares**	*** (%)**
Promoters				
Goon Koon Yin	103,565,300	27.01	53,834,847	14.04
Wong Yih Hsow	103,565,300	27.01	53,834,847	14.04
Jennie Tan Yen-Li	11,507,200	3.00	5,981,621	1.56
MTDC	113,355,000	29.55	58,923,685	15.36
Existing Shareholder				
Tan Oon Pheng	11,507,200	3.00	-	-
Total	**343,500,000**	**89.57**	**172,575,000**	**45.00**

Note:-

* Based on our enlarged issued share capital of 383,500,000 Shares after the Proposed Listing.

The moratorium, which is fully accepted by our Promoters and existing shareholder, is specifically endorsed on the share certificate representing the respective shareholdings to ensure that our Share Registrar will not register any sale, transfer or assignment that contravenes the above moratorium restrictions. In addition, our Promoters and existing shareholder have also provided written undertakings that they will comply with the moratorium restrictions above.

Pursuant to Rule 3.07(2) of the Listing Requirements, where the Promoter is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation (whether individuals or other unlisted corporations) up to the ultimate individual shareholders must give undertakings to Bursa Securities that they will comply with the moratorium restriction ("**Moratorium Undertaking**"). In this regard, we have obtained a waiver from Bursa Securities for the direct and indirect shareholders of MTDC, namely Khazanah, Minister of Finance, Minister of Finance (Incorporated), GOVCO Holdings Berhad and Federal Lands Commissioner (Incorporated) from complying with and providing their respective Moratorium Undertaking pursuant to Rule 3.07(2) of the Listing Requirements.

2.5.3 Undertakings in Relation to the Proposed Placement

In accordance with Rule 3.10 of the Listing Requirements:-

(a) KAF IB had obtained a waiver from Bursa Securities from complying with Rule 3.10(1) of the Listing Requirements whereby all monies received from the Sophisticated Investors pursuant to the subscription of our Placement Shares will be deposited into a trust account operated solely by KAF IB. As such, all monies received from the Sophisticated Investors pursuant to the subscription of our Placement Shares will be held in trust by KAF IB;

(b) TTVHB and KAF IB undertake that all monies deposited and held in trust by KAF IB will not be withdrawn until the date of our listing on the LEAP Market of Bursa Securities;

(c) TTVHB undertakes to repay without interest all monies received from the Sophisticated Investors if:-

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

   (ii) the Proposed Listing is aborted by TTVHB.

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

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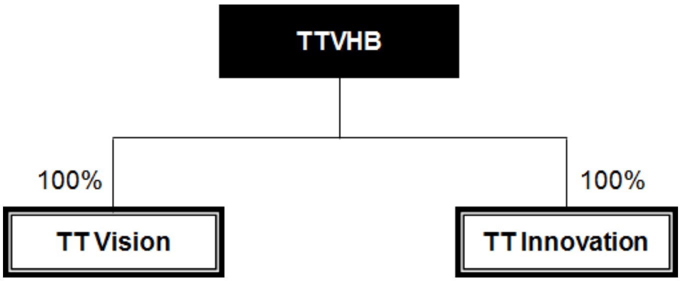
3. INFORMATION ON OUR GROUP

3.1 HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Act on 21 March 2018 as a private limited company under the name of TT Vision Holdings Sdn Bhd. We were converted into a public limited company under our present name on 20 December 2018. Our Group's corporate structure is as follows:-



TTVHB is an investment holding company whilst our subsidiaries are principally involved in the development and manufacturing of machine vision equipment, and provision of related products and services. Our equipment, which is equipped with our vision inspection module, is primarily used for the inspection of optoelectronics (LEDs), solar wafers and cells, discrete components and ICs (chips) as well as vision guided robotic equipment. Additional functions such as reject handling, testing and sorting are also integrated in some of our machine vision equipment.

Our customers comprised manufacturers within the semiconductor industry where most of our equipment are used in and incorporated along the manufacturing processes in the production of semiconductor components, parts and devices such as optoelectronics (LEDs), solar wafers and cells, discrete components and ICs (chips).

Apart from Malaysia, we also export our products to other foreign countries including South Korea, Hong Kong, Germany, China, Philippines, Singapore, Thailand, USA and Japan.

Our Group was co-founded in 2001 by Goon Koon Yin (our Executive Chairman), Wong Yih Hsow (our Chief Executive Officer and Executive Director) and Jennie Tan Yen-Li (our Executive Director).

The key events and milestones in the history and development of our Group's business operations up to the LPD are summarised below:-

Year	Key Events and Milestones
2001	• Incorporated TT Vision as a private limited company.
2002	• Commenced initial business operations with 5 people in a shop-house in Sungai Ara, Penang as a manufacturer of vision inspection module to mostly semiconductor manufacturers based in Penang.
2004	• Completed our exports of vision inspection modules to multinational semiconductor companies in China, Philippines and Singapore. • We further expanded into the optoelectronics sector where we designed and supplied vision inspection software. • TT Vision was granted MSC status and Pioneer Status.
2005	• Winner of the Emerging SME Award - Golden Bull Award for the 3rd Malaysia 100 Outstanding SMEs awarded by Nanyang Siang Pau.

3. INFORMATION ON OUR GROUP *(cont'd)*

Year	Key Events and Milestones
2006	• Incorporated TT Innovation to originally focus on R&D activities on new products with the objective of expanding into other sectors such as solar. • We acquired our current 2-acre land (which houses our head office and principal manufacturing facility) in Bayan Lepas Industrial Park, Penang. • Recognised as a leading technology company in the Deloitte Technology Fast 500 Asia Pacific 2006 Programme. • Winner of the Golden Bull Award for 4th Malaysia 100 Outstanding SMEs awarded by Nanyang Siang Pau.
2007	• Winners of the Golden Bull Award for 5th Malaysia 100 Outstanding SMEs awarded by Nanyang Siang Pau and Enterprise 50 Award Programme 2007 awarded by SMIDEC and Deloitte Malaysia.
2008	• Our new main office and manufacturing facility were officially commissioned. • We developed and commercialised our first machine vision equipment – an AOI equipment namely post taping AOI equipment.
2009	• TT Innovation was awarded a grant of RM3.2 million from Ministry of Science, Technology and Innovation for the development of solar cell inspection and sorting equipment. • TT Vision was awarded a grant of RM1.8 million from Malaysia External Trade Development Corporation (MATRADE) to promote the branding of 'TT Vision' to the China market. • Obtained ISO 9001:2008 certification for the "Design, Development and Assembly of Vision Inspection Equipment" by TÜV Rheinland Cert GmbH. • Received 4-star rating under the SME Competitiveness Rating for Enhancement (SCORE) by SME Corporation Malaysia and MITI.
2010	• TT Vision secured a venture capital investment from MTDC totalling RM8.75 million through the issuance of 8,750,000 RCCPS. • We expanded into the solar industry when we developed and commercialised our first solar cell inspection and sorting equipment. • Received AAA rating under the 1-InnoCERT Certification by SME Corporation Malaysia and Malaysian Industry Government Group of High Technology (MiGHT).
2013	• TT Vision was awarded the following grants:- – MIDA - RM5.47 million for the R&D of solar and optoelectronics inspection equipment, training as well as modernisation of our facilities. – SME Corporation Malaysia - RM0.40 million for innovation development. – MTDC - RM1.65 million for the commercialisation of solar wafer inspection and sorting equipment.

Year	Key Events and Milestones
2014/ 2015	• In the early 2014, we signed a joint development agreement with a subsidiary of Company A (please refer to Section 4.12 of this Information Memorandum for information relating to Company A) to jointly develop and manufacture a solar cell inspection and sorting equipment for IBC solar cells. Thereafter, on 1 October 2015, we entered into a master supply agreement with Company A which formalised the general terms and conditions relating to the purchase of the said equipment (such as pricing, payment terms and delivery schedule). The agreement, which is non-exclusive and effective for a period of 5 years (and automatically renewable for 1 year period(s) unless otherwise terminated by Company A), does not stipulate any minimum purchase obligation nor constitute a commitment to purchase.
2015	• TT Innovation was granted a patent for "Solar Cell Sorting Conveyor and Methodology Thereof".
2016	• TT Vision was granted a patent for "Multiple Scan Single Pass Line Scan Apparatus for Solar Cell Inspection and Methodology Thereof".
2017	• We developed vision-guided robotic equipment using third party robotic system which is integrated with our vision inspection module. • We disposed of our entire 20% equity stake in Waftech for a cash consideration of RM0.40 million.
2018	• We disposed of an investment property (double-storey industrial factory at Fortune Park, Jelutong, Penang) for a cash consideration of RM2.3 million.

Please refer to Section 4 of this Information Memorandum for further details of our Group's business activities and products.

3.2 SHARE CAPITAL

The changes in the issued share capital of our Company since our incorporation are as follows:-

Date of Allotment	No. of Shares Allotted	Consideration	Resultant Share Capital
21 March 2018	100	Subscribers' shares	100
18 December 2018	343,499,900	New Shares issued pursuant to the Acquisition of TT Vision	343,500,000

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of the Proposed Placement, our issued share capital will be increased from 343,500,000 to 383,500,000 Shares.

3.3 SUBSIDIARIES AND ASSOCIATED COMPANIES

The details of our subsidiaries are summarised as follows:-

Company	Date/Place of Incorporation	Equity Interest (%)	Share Capital	Principal Activities
TT Vision	04.05.2001/ Malaysia	100.00	597,039	Development and manufacturing of machine vision equipment, and provision of related products and services
TT Innovation	28.08.2006/ Malaysia	100.00	100,000	Development and manufacturing of machine vision equipment, and provision of related products and services

We do not have any associated company.

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4.1 PRINCIPAL BUSINESS ACTIVITIES, PRODUCTS AND SERVICES

Our Group is primarily a manufacturer of machine vision equipment used for the inspection of optoelectronics (LEDs), solar wafers and cells, discrete components and ICs (chips) as well as vision guided robotic equipment. We also incorporate additional functions such as reject handling, testing and sorting in some of our machine vision equipment. Our business activities entail equipment design, software development, manufacture and installation supported by our in-house R&D.

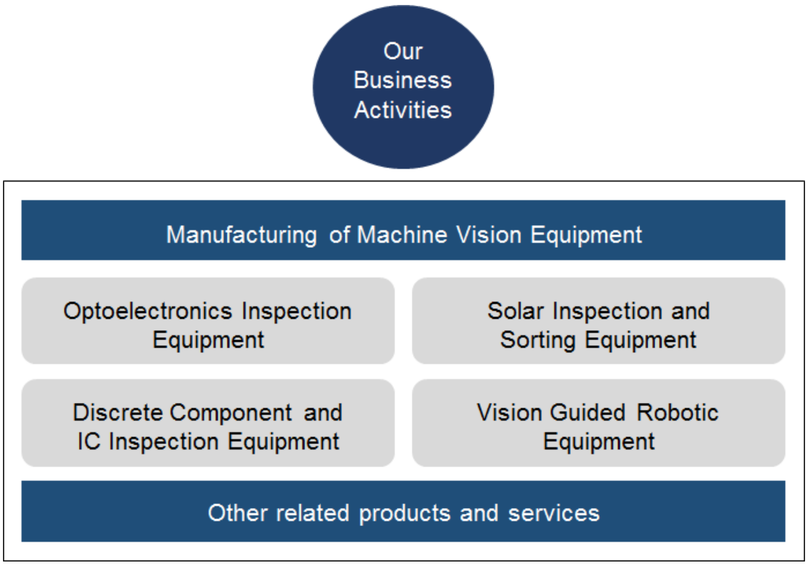
Our equipment is usually incorporated into one of the many contiguous steps in our customers' entire manufacturing process while some are standalone equipment capable of carrying out one or more specific functions. We serve the semiconductor industry as the focus of our machine vision equipment is to inspect semiconductor materials, parts and components.

We operate within the semiconductor manufacturing equipment industry, a part of the larger umbrella of the industrial automation, which refers to an integrated set of machinery and equipment to perform a series of manufacturing tasks with minimal human intervention. Industrial automation plays an important role in performing tasks that require speed, precision and accuracy particularly in the manufacturing of electrical and electronics products with discrete components, ICs as well as other semiconductors such as solar wafers, solar cells and optoelectronics. In addition, high throughput and product quality are paramount as the quantity of parts, components and products to be manufactured and tested runs into many millions and even billions.

4.1.1 Business Model

(a) Our Business Activities

The following is an overview of our business activities:-



(i) Manufacturing of machine vision equipment

We manufacture machine vision equipment used for the inspection of optoelectronics, solar wafers and cells, discrete components and ICs as well as vision guided robotic equipment. We also include other functions such as reject handling, testing and sorting.

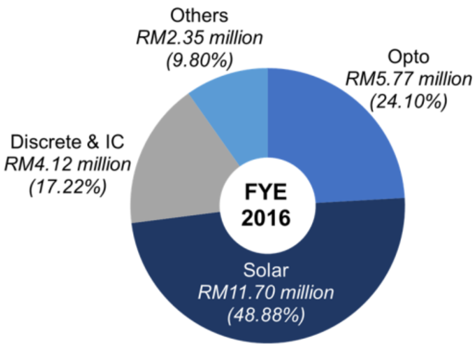
All our machine vision equipment has a vision inspection module which consists of camera and related hardware as well as software to provide vision inspection capabilities. Our vision inspection module is also sold on a standalone basis as a separate module.

(ii) Other related products and services

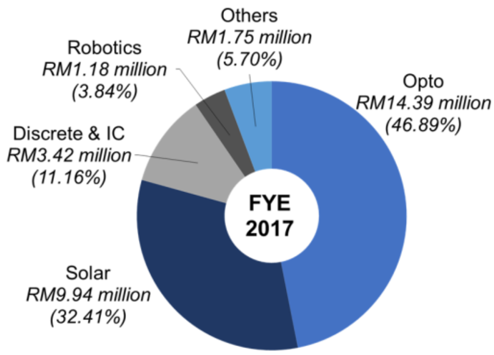
A small proportion of our business involves the provision of other related products and services that complements our main business activities. These include upgrading of machines, sales of spare parts, repair and maintenance of machines, manufacture of automated lid shear tool, sales of software, training as well as rental of equipment.

(b) Our Revenue Streams

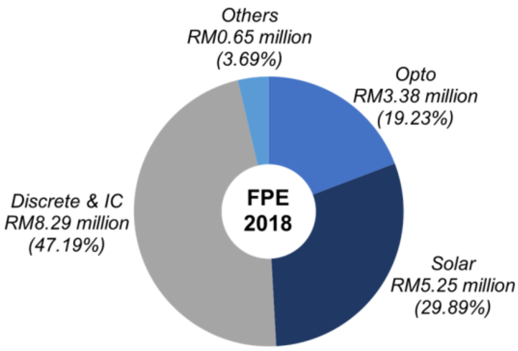
The following diagrams depict revenue drivers of our business for the Financial Periods Under Review:-



Total revenue = RM23.94 million



Total revenue = RM30.68 million



Total revenue = RM17.57 million

Notes:-

Opto = Optoelectronics inspection equipment; **Solar** = Solar inspection and sorting equipment; **Discrete & IC** = Discrete components and IC inspection equipment; **Robotics** = Vision guided robotic equipment; **Others** = Other related products and services

During the Financial Periods Under Review, the manufacture of machine vision equipment was our main source of revenue which contributed 90.20%, 94.30% and 96.31% to our total revenue respectively whilst other related products and services accounted for the balance.

Please refer to Section 4.1.2 of this Information Memorandum for further details on our products and services.

(c) Our Sales Model

All our equipment sales as well as related products and services are secured based on purchase orders received from our customers.

(d) Our Target Industry Sectors

We serve the semiconductor industry specifically manufacturers/producers of optoelectronics, solar cells and panels, discrete components and ICs. Our machine vision equipment is generally used as part of their manufacturing processes in the production of semiconductor components, parts and devices.

4.1.2 Our Products and Services

Our manufactured equipment and products, and provision of related services are as follows:-

(a) Overview of Machine Vision Equipment

Our machine vision equipment is primarily designed to undertake inspection to assess quality to determine acceptance or rejection of the manufactured item. Our machine vision equipment can look for surface defects, contamination, breakages in circuits, undertake measurements or differentiate colours. Once the item has been inspected, identified or measured, the result is passed to a controller which is a computer processor to initiate the next action steps. Some of our equipment also incorporate reject handling, testing and sorting functions as the next action step after the visual inspection or identification process.

The need to ensure product quality is paramount as defects must be detected as early in the manufacturing process as possible before more time and costs are incurred further down the manufacturing process. Primarily due to the speed and accuracy required, and miniaturisation of semiconductor parts, components and devices, machine vision equipment is the only practical manner to check for product quality.

Our machine vision equipment is mainly used in the inspection of semiconductor parts, components and devices such as optoelectronics (LEDs), solar wafers and cells, and ICs (chips).

In addition, machine vision equipment that is used for guidance purposes is commonly incorporated into robotics to guide the robot or robotic arm to a specific location or position with the aim of carrying out specific tasks such as picking and placing of semiconductor parts or components.

Within machine vision equipment, we mainly manufacture AOI equipment – a type of machine vision equipment that captures images to inspect and scan for defects in the semiconductor industry. One of the main features of AOI equipment is that it uses the following key components:-

- **Light source** where level of brightness will affect the resolution or sharpness of the image. We commonly use LED as our light source.

- **Camera** incorporating various types of lenses, shutter mechanism and image sensor: The type and arrangement of lenses will affect the resolution as well as the magnification of the image. The shutter speed combined with the intensity of the light source will determine the resolution of the image especially if the object is moving. The type of image sensor used, for example semiconductor charge-coupled devices ("**CCD**"), complementary metal–oxide–semiconductor ("**CMOS**") or N-type metal-oxide-semiconductor has implication on cost, size and image quality. We commonly use CMOS and CCD image sensors for our camera.

- **Processor** with appropriate software to process the captured image and to issue next step instructions. We use off-the-shelf processor hardware like computers with our in-house developed proprietary software.

Our machine vision equipment is sometimes incorporated into one of the many contiguous steps in the entire manufacturing process while some are standalone to carry out one or more specific functions.

Our machine vision equipment can be categorised into the following segments:-

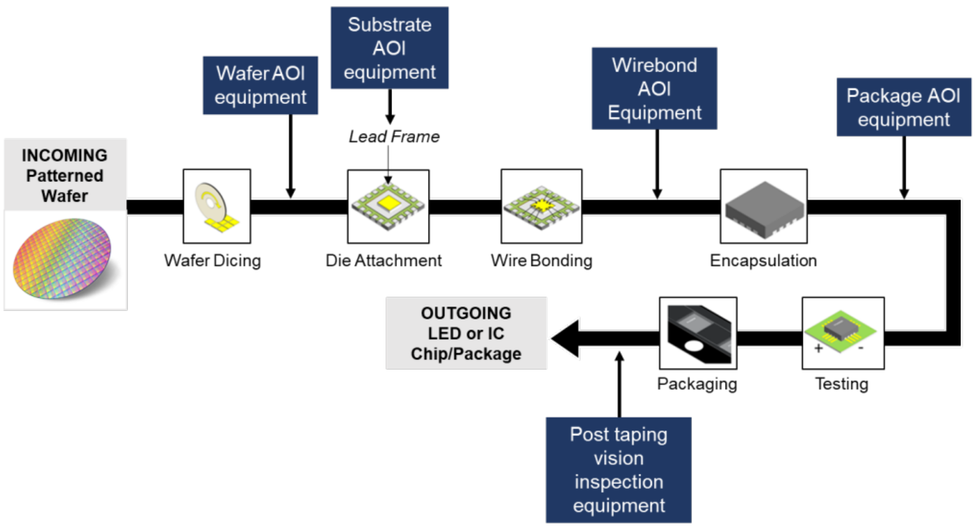
(i) Optoelectronics, discrete component and IC inspection equipment

This range of machine vision equipment is used to inspect any defects or irregularities in the manufacturing of optoelectronics, discrete components and ICs. Optoelectronics are electronic or semiconductor devices that convert electricity to emit light or convert light to electricity such as the common LED used in household lighting as well as those used in cars for headlamps, interior lightings and indicators. Our machine vision equipment for optoelectronics are focused on inspecting LED components.

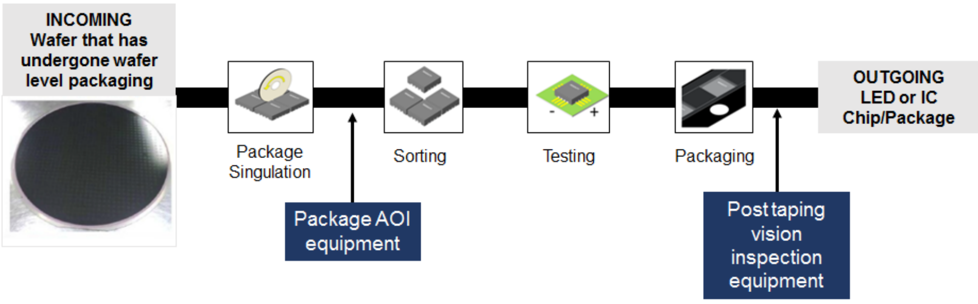
Within this category, we manufacture the following machine vision equipment and modules:-

- **AOI equipment** is used for the inspection of the following which are illustrated in the diagrams below:-
  - traditional assembly and packaging process including inspection of wafer after dicing, lead frame, wire bond, IC package and post taping; and
  - wafer level assembly and packaging process including inspection of package singulation and post taping.
- The following diagram depicts the typical assembly and packaging process, and the respective critical points where our range of machine vision equipment are placed and utilised.

Typical assembly and packaging process and our machine vision equipment



Typical wafer level packaging assembly and packaging process and our machine vision equipment



Our AOI equipment commonly incorporates post-inspection handling functions including the following:-

– loading and unloading module;
– reject handling module including e-mapping, inking, laser cutting and punching functions; and
– sorting module (separating the accepted and rejected item or separating different shapes or coloured items).

- **Vision inspection module** is primarily used as a key component in our machine vision equipment. However, we also sell them separately to customers on a standalone basis where it can be incorporated into their manufacturing process for the following semiconductor products:-

Optoelectronics such as:-
– LED substrate final inspection; and
– LED wire bond defect inspection;

Discrete components and IC such as:-
– Quad Flat No-lead 3D inspection;
– Retrofit vision system; and
– Semiconductor flip-chip device inspection.

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Illustrated below are some of the optoelectronics, discrete component and IC inspection equipment manufactured by us:-

Product	Features and Application
Wafer and package AOI equipment  **5-sided model**  **6-sided model**	**Features** • Optional 5-sided and 6-sided surface inspection • 2.5D depth technology • Modular and flexible • 64-bit operating system • Xeon processor • Throughput up to 30,000 uph **Application** • Inspection after wafer dicing to detect surface defects. • Inspection after package singulation to detect package, mark, lead and plating defects.
Wire Bond AOI equipment  **2.5D model**  **3D model**	**Features** • 2.5D or 3D inspection technology • 64-bit operating system • Xeon processor • Throughput up to 30,000 uph • CoaXPress interface • Optional table top semi-automated function **Application** • Inspection after die attachment and wire bonding to detect die, wire, wire bonding and epoxy defects. • Inspection after encapsulation to detect silicone encapsulant and plastic moulding defects.
Substrate AOI equipment 	**Features** • Line scan technology • 2D auto inspection • Panel inspection • Throughput up to 360 strips per hour **Application** • Inspection of lead frame substrate to detect etching, mechanical and plating defects.

Product	Features and Application
Post taping vision inspection equipment 	**Features** • 2D automated inspection • Dual track zero idle time • Multi inspection stations • Optional automated reject labelling or cutting mechanism • Throughput up to 110,000 uph **Application** • Inspection after taping to detect orientation, mark, seal, and package surface defects.

Part of our portfolio of products include customised inspection equipment where we conceptualise, design and manufacture based on customer's specifications. Our range of customised inspection equipment include:-

– Tube-to-tube gravity feed handling system integrated with AOI module;
– Inline AOI equipment placed between a chip placement machine and a reflow oven; and
– AOI equipment with a 4-sided camera system capable of concurrent side inspection for dicing.

(ii) **Solar Inspection and Sorting Equipment**

Within this category, we manufacture the following types of solar inspection and sorting equipment:-

- **Solar wafer inspection and sorting equipment** which is equipped with various inspection stations incorporating our vision inspection modules as well as third party efficiency tester to test and sort the solar wafer according to its functionality. This process is essential because of the potentially high defect rate of solar wafers.

- **Solar cell inspection and sorting equipment** which is equipped with various inspection stations including an efficiency tester to test and categorise each cell according to its efficiency. Efficiency of a solar cell is measured by the percentage of sunlight that is converted to electricity. We also manufacture solar cell inspection equipment with only vision inspection capabilities which is used in the final step of the production of solar cells.

- **Vision inspection module** which comprises vision hardware and application software to undertake vision inspection of solar cells. The 2 types of solar cell vision inspection module we manufacture include the following:-

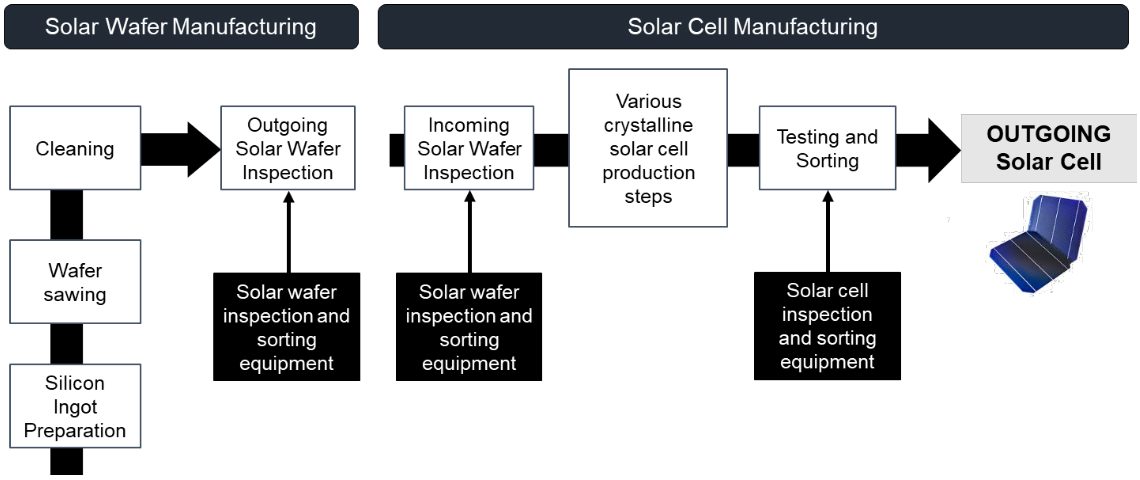
  – **Solar cell front and/or rear side vision inspection module** which is capable of detecting visible defects commonly found on the front and rear surface of solar cells, namely colour, geometry, broken fingers, edge break, chipping, stain, scratch, oxidation and others; and

– **Solar cell EL and/or PL microcrack vision inspection module** which uses EL and/or PL imaging technique to detect microcracks and other defects which are not visible under normal lighting conditions.

We also sell the vision inspection module separately where it can be integrated into our customer's existing conveyor or sorter.

The following diagram depicts the typical solar wafer and cell manufacturing process and the respective critical points where our range of solar inspection and sorting equipment is placed and utilised.

Solar wafer and cell manufacturing process
and our solar inspection and sorting equipment



Our solar cell inspection and sorting equipment is used to inspect various types of crystalline solar cells such as monocrystalline and polycrystalline solar cells, IBC solar cells and Si-HJT solar cells.

The following are some of our range of solar wafer and cell inspection and sorting equipment:-

Solar wafer inspection and sorting equipment

Product	Features
For solar wafer manufacturing 	• 6 vision inspection modules • 2 electrical test modules • Vertical sorting bins and auto-change highway bins • Lighting technology with no interference from grains • High resolution camera capable of measuring saw mark that are less than 1 micron • Throughput up to 5,000 uph • Low breakage rate of less than 0.05% • Small equipment footprint of less than 4.5 metres

Solar cell inspection and sorting equipment

Product	Features
For monocrystalline and polycrystalline solar cell manufacturing  **Standard version**  **Compact version**	• Vision only solar cell inspection and sorting equipment with options of the following modules:- – Front view vision module – EL or PL vision module • True colour line scan camera • EL or PL inspection module equipped with high resolution camera • Pick and place cell loading arm • Sorting bins • Throughput up to 3,500 uph • Optional compact version
For IBC solar cell manufacturing 	• Full-fledged inspection, testing and sorting with incorporation of the following:- – 3D Line scan for rear side inspection; – Combination of colour line and area scan for front side inspection – PL for micro-crack and solder pads defects inspection – Infrared imaging for hot-spot measurement – Laser profilometer – an instrument for metal line profile measurement – Vision aligner for cell positioning and alignment for probing – I-V tester and advanced data analysis • Interleaf paper placement before cell sorting • Combination of belt and walking beam conveyor • Throughput up to 2,100 uph • Capable of handling solar cells ranging from 5 to 6 inches
For Si-HJT solar cell manufacturing 	• Vision and testing inspection capabilities incorporating the following:- – Front vision inspection module – Rear vision inspection module – EL vision inspection – I-V tester – Vision aligner for cell positioning • Option to link 1 or 2 separate co-firing furnaces to 1 sorter • 24 sorting bins and expandable • Vacuum conveyor for stable and fast transportation • Throughput up to 3,200 uph

In addition, we have the capability to manufacture solar cell inspection and sorting equipment fitted with testing modules only.

(iii) Vision Guided Robotic Equipment

We manufacture vision guided robotic equipment utilising third party robotic system for the electrical and electronics industry. This product was introduced in 2017 and commonly used in the following applications:-

- pick and place;
- spot welding;
- assembly; and
- test handling.

Our vision guided robotic equipment is basically a robotic arm fitted with our vision module to provide feedback signal to guide the robotic arm to specific location or position to perform a certain task. Generally, vision guided robotic equipment has 3 main components namely vision module, robotic arm, and end effector/handling component.

Vision Module

Collaborative robots (cobots) are robots that work in collaboration or interact with human workers within a shared work space. As such, cobots need to "see, react and adapt" to their environment to ensure workplace safety and efficiency. Therefore, machine vision is a solution to these challenges. Vision guided robotic equipment uses software that is capable of interpreting their environment. This includes software such as complex pattern-matching algorithms to keep the cobot "informed".

The following are our scope of work for the manufacture of vision module for our vision guided robotic equipment:-

– Design the overall vision module including type of lighting, camera and software;
– Install and integrate the camera at targeted location such as at the end of the robotic arm or monitoring workstation;
– Program the vision algorithm based on required applications; and
– Calibrate the vision module to interact with the robotic arm and workplace.

Robotic Arm

We procure and utilise third party robotic arm where our scope of work are as follows:-

– Sequencing of robotic arm motion based on the required application; and
– Calibration of the robotic arm to integrate with our vision module.

End Effector

The end effector is a device or tool that is connected to the end of a robotic arm and it is the part that has direct contact with the target subject.

The following are our scope of work for the end effector/handling component for our vision guided robotic equipment:-

- Design the end effector such as vacuum pick-up head, hard gripper and soft gripper;
- Procure the desired end effector; and
- Integrate the end-effector with the robotic arm.

Vision guided robotic equipment incorporating our vision modules and third-party robotic system for pick and place, and assembly of battery pack

(b) Other Related Products and Services

Provision of other related products and services accounted for 9.80%, 5.70% and 3.69% of our total revenue for FYE 2016, FYE 2017 and FPE 2018 respectively. These include, amongst others, the following:-

- Upgrading works on existing equipment such as upgrade of software, optics and automation module;
- Supply of spare parts to our existing customers for our own manufactured equipment such as motor, sensor, camera, lighting, electrical, mechanical and pneumatic parts;
- Maintenance and repair works of our own manufactured equipment which include troubleshooting of software programs and hardware, replacement and calibration of mechanical and electrical parts;
- Manufacture of automated lid shear tool;
- Sales of software products such as 3D vision software, defect analysis software for display and data pattern recognition software;
- Training which is provided as part of our sales of equipment; and
- Rental of equipment.

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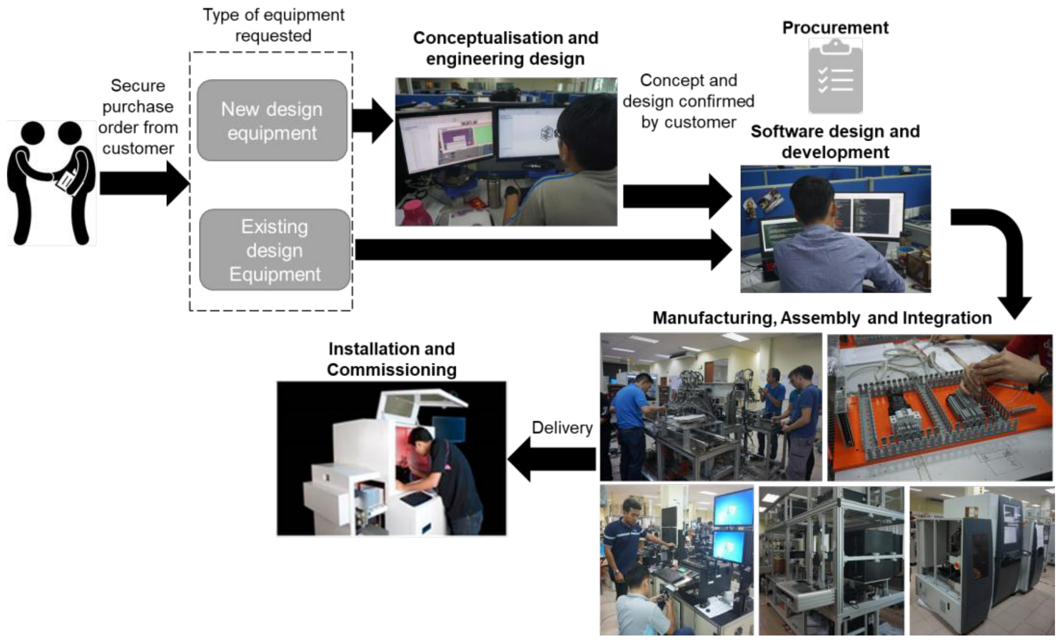
4.2 BUSINESS PROCESS

The following diagram illustrates the general manufacturing process of our machine vision equipment:-



Secure Purchase Orders

Once purchase orders have been secured from customers, the next stage would be dependent on the type of equipment ordered. For orders that use our existing engineering design platform, we will modify and configure the automation requirements to meet customer needs during the software design and development stages.

As for new equipment, the next stage will proceed to conceptualisation and engineering design.

Conceptualisation and engineering design

Our in-house engineering team will create a conceptual design based on understanding of customer's environment, issues and automation requirements.

Some of the design parameters that we take into consideration at this stage include the following:-

- new, emerging or more effective technologies;
- vision system set-up and methodology;
- parts and components to be used;
- specifications of all modules and their functionalities;
- module interfaces to ensure they work in the desired sequential timing;
- communications protocol to facilitate module interfaces and communications with each other as well as external devices, systems and networks;
- scalability to allow ease of expansion or addition of modules at a later stage;
- human-machine interfaces or process controls;
- collection and analysis of machine performance data and statistics; and
- integration with customer's factory enterprise system or network.

Through a process of discussion combined with R&D, a customised solution is conceptualised. The customised design includes mechanical design, electrical design, software design, vision design and machine control design. Our engineers utilise computer aided design and engineering software to design the structure, mechanics, functions and capabilities of the vision inspection automated equipment to match the customer's specifications and requirements.

Procurement

Once the conceptual design is accepted and finalised with the customer, we will then proceed with procurement of materials and services. Standardised equipment purchase orders from customers will commence at this stage.

Some of the materials that we procure include the following:-

- camera, lenses and light source;
- automation parts such as electrical, mechanical and pneumatic parts;
- computer hardware such as processor, storage, interfaces, monitor, keyboard and mouse; and
- specialised modules such as testing and measurement module for our solar wafer and cell sorter, and robotic arm for our vision guided robotic equipment.

Software design and development

Upon acceptance of our conceptual design, we will commence software design and development using our vision software as a platform.

Our software is used to carry out the visual inspection, automate the reject handling or sorting method and synchronise motions internally as well as with external equipment if required. The programmable logic controller and human-machine interface are incorporated into the central processing unit to control the processes to ensure that they meet motion control requirements and tasks are maintained as follows:-

- Precision positioning control with multi-axis actuator coordination to automate vision inspection, testing and sorting;

- Accurate and high-speed transportation control using conveyors that are integrated with electro-mechanical motors;

- High speed input or output synchronisation through signal transition and responses;

- Development of motion profile for interactive and precision movement; and

- Others including real time control, data capture, analysis and storage for management reporting, and performance monitoring system.

Our vision software development involves:-

- Vision inspection programming to run the equipment in accordance to specified sequence, conditions and parameters; and

- Camera and lighting control software programming to synchronise camera exposure and timing of light strobes to generate good quality images.

For our vision guided robotic equipment, we undertake robot motion sequencing and robot vision calibration. Our machine vision equipment is developed using common industry standard software tools including Windows® operating system, object-oriented programming in C# language, and dot net framework development tool. Using industry standard software tools and utilities is to facilitate ease of software maintenance and upgrade and reduce cost of software purchases.

In some cases, we subcontract the software programming services relating to certain motion control programming, dashboard management and reporting to external companies. Our in-house development team is focused on vision software development involving vision inspection algorithm programming, motion control programming as well as camera and lighting control software programming. Nevertheless, we have employed additional software engineers and developers to focus on these areas.

Manufacturing, assembly and integration

We outsource all the fabrication of metal casing, chassis, precision parts, jigs and fixtures to external parties. This is because these works are low skill-based, requiring large volume to provide economies of scale, and use expensive tools and equipment such as computer numerical control (CNC) equipment.

This is then followed by assembly and integration of mechanical and electrical parts and components as well as system integration, which is undertaken at our manufacturing facility. Under the supervision of our engineers, we hire external technicians and electricians to undertake the assembly of mechanical parts and electrical wiring works at our premises. During the integration process, the customised software is then integrated into the machine vision equipment by our software developer or applications engineer. We will then test and fine-tune the equipment to ensure it runs smoothly and in accordance to the customer's specifications.

Installation and commissioning

The equipment will be shipped to the customers' premises and we will undertake onsite installation and commissioning works. Together with engineers from our customers, we carry out integration of our equipment with customers' equipment. We then undertake acceptance testing and upon acceptance, commissioning of our equipment.

We provide on-site support service and training including basic trouble shooting, and proper operation and maintenance of our equipment. We also provide operations and maintenance manuals and technical documentation in relation to our equipment.

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4. BUSINESS OVERVIEW *(cont'd)*

4.3 GEOGRAPHICAL MARKETS

The breakdown of our Group's revenue by geographical markets, based on the billing country, for the Financial Periods Under Review are as follows:-

	FYE 2016		FYE 2017		FPE 2018	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	**7,899**	**33.00**	**13,943**	**45.45**	**9,737**	**55.43**
Foreign Countries						
South Korea	-	-	-	-	2,385	13.58
Hong Kong	1,248	5.21	4,211	13.73	2,006	11.42
China	2,919	12.20	6,286	20.49	1,906	10.85
Germany	-	-	-	-	526	2.99
Philippines	10,705	44.73	(a) 5,231	17.05	161	0.92
Others	(b) 1,164	4.86	(c) 1,005	3.28	(d) 845	4.81
	16,036	**67.00**	**16,733**	**54.55**	**7,829**	**44.57**
TOTAL	**23,935**	**100.00**	**30,676**	**100.00**	**17,566**	**100.00**

Notes:-

(a) Included revenue from sales to a parent company based in the USA.

(b) Comprised revenue derived from Singapore and Thailand.

(c) Comprised revenue derived from Singapore, Thailand and USA.

(d) Comprised revenue derived from Singapore, Thailand, USA and Japan.

Our Geographical Markets

4.4 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our competitive advantages and key strengths are important in sustaining our business as well as support our business growth.

(a) We have a track record of 16 years as a manufacturer of machine vision equipment

Since commencement of our business operations in 2002 where we started with the sale of vision inspection modules, we have subsequently progressed to manufacturing of machine vision equipment incorporating multiple vision inspection modules with faster processing and multi-functional features to serve the optoelectronics, solar, discrete components and IC sectors within the semiconductor industry.

Over our 16 years of operations, we have built a substantial customer base to sustain our business as well as to serve as a reference base for us to secure new customers to grow our business. The long track record years in business has provided us with the platform to improve existing and to create new or enhanced products and services. It also facilitated our continually innovation to meet our customers' evolving requirements over time.

We believe our track record will serve as an important testimony to demonstrate our capabilities as a machine vision equipment manufacturer.

(b) We have R&D capabilities to carry out product innovation and development

We leveraged from our strength in carrying out continuous product improvement and development as part of our R&D activities. R&D is important to our business as the semiconductor industry is subject to rapid changes in technologies, introduction of new products, and changing consumer preferences and behaviour. Our R&D capabilities enable us to meet and overcome various technological challenges to ensure continuing business sustainability and growth.

Our R&D efforts have also resulted in us securing 2 utility innovation patents for "Solar Cell Sorting Conveyor and Methodology Thereof" and "Multiple Scan Single Pass Line Scan Apparatus for Solar Cell Inspection and Methodology Thereof", which was granted in 2015 and 2016 respectively. This had enabled us to further develop and enhance the features of our machine vision equipment to fulfil the needs of our customers as well as to keep abreast with the latest developments in technologies.

(c) We have experienced management, engineering, production and R&D team to grow our business

We have an experienced management team and technical personnel with knowledge and experience in their respective fields. Both our Executive Chairman (Goon Koon Yin) and Chief Executive Officer and Executive Director (Wong Yih Hsow) have accumulated approximately 24 years of technical and operational experience in machine vision equipment business. They are supported by our Executive Director, Jennie Tan Yen-Li, who has about 22 years of experience in human resources and administration.

Our Group is also supported by a team of technical senior management including Loo Soon Kau, our Senior Engineering Manager with 18 years of engineering experience, Ooi Cowei, our R&D Manager with approximately 16 years of technical sales experience with an engineering background and Yii Veng Cheong, and our Business Development Manager with approximately 11 years of technical sales experience with an engineering background.

On the finance and corporate development, our CFO, Teresa Tan Siew Kuan, possesses approximately 26 years of experience mainly in corporate finance, accounting and auditing, and Lim Theng Eng, our Senior Manager, Corporate Development has about 28 years of experience mainly in venture capital investment management and corporate development.

We believe our experienced management and technical team will help drive our business and provide a solid foundation for our future growth.

(d) Established business relationship with our major customers who are market leaders in their respective fields which will provide us a platform to grow our business

We have developed a customer base that includes market leaders in their respective industries which we believe will provide us with the platform to grow our business. This includes manufacturers of optoelectronics, solar cells and panels, discrete components and ICs. For further details on our major customers, please refer to Section 4.12 of this Information Memorandum.

We will continue to leverage from our core competency in providing machine vision equipment to serve our existing customers. Our ability to serve these major manufacturers will provide us with a platform for future references to secure new orders and customers.

Our track record of successful delivery of equipment/modules is not only self-evident of our technical capability, but also demonstrates our good understanding of our customers. This has placed us in good stead for future business opportunities and we will continue to proactively maintain and strengthen our business relationships with our customers.

4.5 MARKETING STRATEGIES

4.5.1 Sales and Marketing

Some of the marketing activities that we have undertaken include:-

- Proactive sales visits to existing and potential customers;
- Organising site visits for our existing and potential customers to our manufacturing facility and conducting demonstrations at our R&D centre; and
- Participating and attending industry exhibitions and conventions to gain new customers and foster relationship with existing customers.

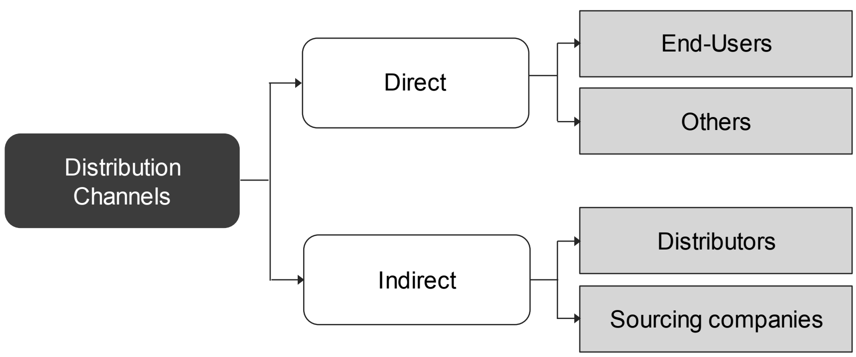
As at the LPD, we have a team of 4 senior sales and marketing personnel including Goon Koon Yin and Wong Yih Hsow who jointly lead the team. Goon is mainly involved in the sales and marketing activities for solar related sector as well as vision guided robotic equipment, while Wong is mainly involved in the sales and marketing activities for optoelectronics, discrete components and ICs sectors.

As part of our strategy to promote our products and services to potential customers in domestic and foreign markets, we actively participate in exhibitions, conventions and conferences. Some of the events that we have participated since 2017 include the following:-

Name of Events	Industry	Location	Nature of Participation	Date
PV CellTech 2017	Solar/ Photovoltaic	Penang, Malaysia	Exhibitor	14 to 15 March 2017
SNEC 11th (2017) International Photovoltaic Power Generation Conference & Exhibition	Solar/ Photovoltaic	Shanghai, China	Exhibitor	19 to 21 April 2017
SEMICON Taiwan 2017	Semiconductor	Taipei, Taiwan	Exhibitor	13 to 15 September 2017
PV ModuleTech 2017	Solar/ Photovoltaic	Kuala Lumpur, Malaysia	Exhibitor	7 to 8 November 2017
International Conference on Imaging, Signal Processing and Communication 2017	Imaging	Penang, Malaysia	Presenter and Sponsor	26 to 28 November 2017
SEMICON China 2018	Semiconductor	Shanghai, China	Exhibitor	14 to 16 March 2018
SEMICON Southeast Asia 2018	Semiconductor	Kuala Lumpur, Malaysia	Exhibitor	22 to 24 May 2018
SNEC 12th (2018) International Photovoltaic Power Generation Conference & Exhibition	Solar/ Photovoltaic	Shanghai, China	Exhibitor	28 to 29 May 2018
SEMICON Taiwan 2018	Semiconductor	Taipei, Taiwan	Exhibitor	5 to 7 September 2018

4.5.2 Distribution Channels

In line with our sales and marketing approach, we use both direct and indirect distribution channels to market and sell our products and services:-



We mainly use direct distribution channel strategy handled by our sales and marketing team, where we sell our products directly to our customers who are end-users of our machine vision equipment. These are mainly manufacturers of optoelectronics, solar cells and panels, and discrete components and ICs.

Our direct distribution channel strategy provides us the initiatives to work closely with our customers to design and develop machine vision equipment to meet their specifications and requirements. In addition, we are able to keep abreast with evolving technologies to provide innovative products and solutions to fulfil our customers' needs. In this respect, the key benefit of our direct distribution channel strategy is our ability to interact and obtain feedback from our customers for continuous improvement.

In addition, we also engage agents to market and sell our products in identified foreign markets, especially in China and the Philippines, on a commission basis. They can market any of our products and are assigned to cover their respective market/country on a non-exclusive basis.

We also use indirect distribution channel strategy where we sell some our products to distributors and trading companies who would subsequently resell them to their customers. Our distributors cover Malaysia as well as certain foreign countries including China, Thailand and Philippines.

As at LPD, we have engaged the following distributors/trading companies to market our products:-

Markets Covered	Distributors/Trading companies	Date of Commencement	Products Distributed
China	Xiamen UMS Information Technology Co. Ltd	September 2018	Solar inspection, testing and sorting equipment
China	Kunshan Haoente Robot Automation Technology Co. Ltd	April 2017	Solar inspection and sorting equipment
China, Taiwan and Hong Kong	Hong Kong IPEQ Co. Ltd	January 2016	Solar inspection and sorting equipment
Philippines	Edgeworth Laguna, Inc and Electroworld (H.K.) Ltd	January 2009	Optoelectronics, discrete component and IC inspection equipment, and related products and services
Thailand	A.E.I. Technology Co. Ltd	January 2009	All existing and future products

We have entered into formal arrangements with the above distributors/trading companies and all agreements comprise automatically renewal clauses (unless mutually terminated earlier).

4.6 BRAND NAMES, TRADE MARKS, LICENCE AGREEMENT AND TECHNICAL AGREEMENT

As at the LPD, we have filed the following trade mark applications with the Registrar of Trade Marks, Intellectual Property Corporation of Malaysia ("**MyIPO**"):-

No.	Registered owner	Representation of trade mark	Issuing authority/ Trademarks No.	Effective date/ Expiry date	Classification
1.	TT Vision	TTVISION	MyIPO/ 08011249	10 June 2008 / 10 June 2028[a]	9 [b]
2.	TT Vision	TT VISION	MyIPO/ 04002156	27 February 2004 / 27 February 2024[a]	9 [c]

4. BUSINESS OVERVIEW *(cont'd)*

Notes:-

(a) The trade mark has been registered and it is valid for 10 years from the date of effective and may be renewed every 10 years and subject to renewal fee paid to MyIPO.

(b) Automatic inspection apparatus and instruments for industrial use; visual inspection apparatus and instruments; biller inspection systems for automatic defect inspection in biller surface; semiconductor wafers; glass wafers for integrated circuits; application software; computer software for business circuits; application software; computer software for business purposes; computer software programs for use in controlling machines; computer software for database management; integrated software packages for use in the automation of laboratories; mechanisms for use in positioning system (electric); computer operating systems programs; operating system programs; electric system control apparatus; all included in class 09.

(c) Application software; computer software for business purposes; computer software for use in controlling machines; computer software programs for database management; integrated software packages for use in automation of laboratories; mechanisms for use in positioning systems (electric); computer operating systems programs; operating system programs; electric system control apparatus; all included in class 09.

As at the LPD, we have also filed the following patent applications with the Registrar of Patent, MyIPO:-

No.	Registered Owner	Title of Invention	Issuing authority/ Filing No. / Grant No.	Filing date/ Grant date/ Expiry date
1.	TT Innovation	Solar cell sorting conveyor and methodology thereof	MyIPO/ PI 2011000764 / MY-154354-A	21 February 2011/ 29 May 2015/ (a) 21 February 2031
2.	TT Vision	Multiple scan single pass line scan apparatus for solar cell inspection and methodology thereof	MyIPO / PI 2011000436 / MY-159053-A	28 January 2011/ 15 December 2016/ (a) 28 January 2031
3.	TT Vision	3D vision system with a plenotic camera for partially-textured or non-textured object surfaces and method thereof	MyIPO / PI 2017704604 / (b) Not available yet	30 November 2017/ Not available yet/ (b) Not available yet

Notes:-

(a) The patent has been granted and is subject to payment of yearly renewal fee to MyIPO.

(b) The patent has yet to be granted and the application is still within the 18-month publication stage.

Save as disclosed above, our Group does not presently hold any brand names, patents, trademarks, franchises and other intellectual property rights.

As at the LPD, our Group has not entered into any licence agreement and technical assistance agreements with any parties.

4.7 MAJOR APPROVALS, LICENCES AND PERMITS

Save as disclosed below, as at the LPD, there are no other major approvals, licenses and permits held by or issued to our Group to carry out our operations:-

No.	Issuing Authority	Effective Date or Expiry Date	Approval Description	Major Conditions	Status of Compliance
1.	Majlis Bandaraya Pulau Pinang	31 December 2019	General business licence for the manufacturing of electronic and electric tools	Not applicable	Not applicable
2.	Majlis Bandaraya Pulau Pinang	31 December 2019	General business licence for any manufacturing or other trades	Not applicable	Not applicable
3.	MIDA / MITI	29 November 2017 *	Manufacturing licence for the manufacturing of automated inspection equipment for semiconductor, optoelectronics and photovoltaic and advance collaboration robotic automation for manufacturing and commercial application	(a) Site: Plot 106, Hilir Sungai Keluang 5, Bayan Lepas Industrial Zone, Phase 4, 11900 Pulau Pinang (subject to the approval from the relevant state government and Environmental Department).	Complied.
				(b) MITI and MIDA must be notified on any disposal of shares in TT Vision.	Complied.
				(c) TT Vision must train Malaysian citizens to ensure that the transfer of technology and expertise can be channelled to all levels of employment.	Complied.
				(d) TT Vision must comply with the condition of the capital investment per employee (CIPE) ratio of at least RM140,000.00.	Complied.
				(e) Total full time employment of TT Vision must consist of at least 80% Malaysians by 2020. Employment of foreign citizens including workers employed through outsourcing is subject to the current policy.	Complied and to be further complied.

4. BUSINESS OVERVIEW *(cont'd)*

No.	Issuing Authority	Effective Date/ Expiry Date	Approval Description	Major Conditions	Status of Compliance
				(f) TT Vision must submit information on investment performance and project executed pursuant to the Industrial Coordination Act, 1975 and the MIDA Act, 1965 when requested by MIDA. Failure to submit such information may result in TT Vision:- (i) guilty of an offense and liable to a fine not exceeding RM1,000 or imprisonment for a term not exceeding three (3) months or both and may be fined further not exceeding RM500 for each day of offense it continues; (ii) commit an offense in the event of furnishing any statement or other false or misleading statement or information in any material form and liable to a fine not exceeding RM2,000 or to imprisonment for a term of not more than six (6) months or to both.	Noted.
				(g) TT Vision must train Malaysian citizens to ensure that the transfer of technology and expertise can be channelled to all levels of employment. TT Vision shall carry out its projects as approved and in accordance with the law and regulations in Malaysia.	Complied.

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4. BUSINESS OVERVIEW *(cont'd)*

No.	Issuing Authority	Effective Date/ Expiry Date	Approval Description	Major Conditions	Status of Compliance
4.	MDEC	17 August 2004	MSC status	TT Vision ("**MSC status company**") hereby agrees to:-	
				(a) complete business registration of the proposed entity as a locally incorporated company under the Companies Act, 1965 within one (1) month from the date of the MDEC's letter, commence operations of the proposed entity within six (6) months from the date of the MDEC's letter, and undertake such activities specified in the Company's business plan ("**Business Plan**") as approved by MDEC below ("**MSC Qualifying Activities**") within six (6) months from the date of the MDEC's letter or by such date(s) as may be specified in the Business Plan, which date(s) may be extended or modified with the written consent of MDEC, and thereafter continue with such business and activities unless otherwise approved by MDEC. The MSC Qualifying Activities are as follows:-	Complied.
				(i) The development of the following TT Vision software system:- • General purpose machine vision inspection software. • V1000 Series IC Vision inspection software • V2000 Series Advanced Machine Vision inspection software.	
				Any changes proposed to the above MSC Malaysia Qualifying Activities as detailed in the Business Plan must receive the prior written consent of MDEC;	Noted.
				(b) locate the implementation and operation of the MSC Qualifying Activities in a Designated Cybercity within six (6) months from the date of the MDEC's letter, and will MDEC's prior written approval in the event of any changes in the location or address of the Company;	Complied.

4. BUSINESS OVERVIEW *(cont'd)*

No.	Issuing Authority	Effective Date/ Expiry Date	Approval Description	Major Conditions	Status of Compliance
				(c) ensure that at all times at least 15% of the total number of employees (excluding support staff) of the MSC Status Company shall be "knowledge workers" (as defined by MDEC).	Complied.
				Knowledge workers shall be recruited, employed and/or appointed solely for the purpose of undertaking the MSC Qualifying Activities.	Noted.
				The recruitment, employment and/or appointment of foreign knowledge workers (if any) shall be the sole responsibility of the MSC Status Company and MDEC shall not be held responsible for any liability arising from such recruitment, employment and/or appointment;	Noted.
				(d) continuously comply with the MSC's environmental guidelines as determined by MDEC from time to time;	Complied.
				(e) submit to MDEC a copy of the Company's Annual Report and audited statements in parallel with submission to the CCM;	Complied.
				(f) ensure that all information and/or documents furnished by the MSC Status Company to MDEC or any other authority or agency do not contain any false, untrue or inaccurate statements or omit to state any facts, the omission of which would make any statements made therein in the light of the circumstances under which they are made, misleading;	Complied.
				(g) inform and obtain the prior approval of MDEC for any proposed change in the name of the MSC Status Company;	Noted.

4. BUSINESS OVERVIEW *(cont'd)*

No.	Issuing Authority	Effective Date/ Expiry Date	Approval Description	Major Conditions	Status of Compliance
				(h) inform MDEC of any change in the equity structure or shareholding structure of the MSC Status Company, or such other changes that may affect the direction or operation of the MSC Status Company. MDEC must be informed of any change before steps are taken to effect such change; and	Complied.
				(i) comply with all such statutory regulatory and/or licensing requirements as may be applicable.	Noted.
				(j) The MSC Malaysia Status granted to the MSC Status Company shall not be transferable or assignable in any way whatsoever without the prior written consent of MDEC.	Noted.

Note:-

* Prior to the effective date of the manufacturing licence on 29 November 2017, TT Vision has been operating without manufacturing licence since FYE 2006 because TT Vision was of the view that the manufacturing licence would not be required for its existing business operations (a) in view of TT Vision's status as a MSC Status company; and (b) given the fact that TT Vision was not involved in the typical large-based manufacturing related activities but more of assembly based operations. Notwithstanding the oversight, TT Vision had on 4 May 2018 written to MIDA to highlight this issue accordingly. MIDA had replied via its letter dated 11 June 2018 that TT Vision had complied with all conditions under the Industrial Co-Ordination Act, 1975 and the manufacturing licence is valid under the laws.

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4.8 QUALITY CONTROL

As part of our Group's continuing emphasis and commitment on quality, we are accredited with ISO 9001:2008 certification since July 2009. Having complied with ISO management systems, we have adopted the following approach to ensure that quality standards are maintained and adhered to:-

- Engineering design has to be verified by our technical personnel to ensure that it is in accordance with our customers' specifications;
- Incoming materials will have to undergo quality checks and inspection before incorporating into our equipment;
- Completed automated equipment and module will have to undergo final inspection by our engineers and technicians;
- Acceptance test is performed to ensure that the equipment is operating optimally and the system is tested before delivery to the customer; and
- Final acceptance test is conducted at the customer's site after installation is completed to ensure that the equipment meets the customer's specifications.

As at the LPD, we have a team of 5 personnel involved in quality assurance and quality control activities.

4.9 R&D

4.9.1 R&D Policies

Our R&D policies are as follows:-

Our R&D activities are focused on the following areas:-
- development of new products;
- improvement of features and functions on existing products; and
- development of software.

Our R&D processes are primarily focused in the following areas:-
- machine vision technology;
- control system engineering;
- artificial intelligence;
- mechanical engineering;
- computing and programming; and
- ergonomics design.

Through the above areas of R&D, we aim to realise the following benefits:-
- sustain and grow the business;
- increase revenue and profitability;
- create competitive advantages;
- improve cost effectiveness and efficiencies; and
- increase customer satisfaction.

Our R&D policies are practical in approach and incorporate the following:-

- Continuing involvement in design and manufacture of machine vision equipment to create marketable products;

- Focus on strategic products that complement and add value to our current portfolio of products and services;

- Focus on providing competitive advantages that consider emerging technologies, customers' changing needs and preferences, changes in economic conditions affecting demand and preferences, and industry trends and best practices; and

- Customer focused and market driven for ease of commercialisation and fast take-up of our products and services.

4.9.2 Achievements of R&D

Our achievements in R&D are supported by the commercialisation of our product development milestones including some of our submissions for utility innovation patent applications since 2008:-

Year	Key Milestones of Products	Target Sector
2008	• Developed our first post-taping vision inspection equipment.	Optoelectronics, discrete components and ICs
2009	• Enhanced post-taping vision inspection equipment with automated tape and re-tape features.	Discrete components and ICs.
2010	• Developed our first vision inspection module for solar cell manufacturing incorporating front and rear side inspection, which was incorporated into our solar cell inspection and sorting equipment.	Solar
2011	• Developed a conveyor system which is able to transport solar cells downstream and unload solar cells into a receiving bin vertically. • Developed an optical camera system that is able to capture multiple undistorted images of solar cells in a single pass. • Submitted 2 utility innovation patent applications, namely, "Solar Cell Sorting Conveyor and Methodology Thereof" and "Multiple Scan Single Pass Line Scan Apparatus for Solar Cell Inspection and Methodology Thereof". These patents were granted in 2015 and 2016 respectively. • Developed our first microcrack vision inspection module using EL or PL technology.	Solar
2011	• Developed our first wire bond AOI equipment.	Optoelectronics, discrete components and ICs
2012	• Developed our first solar wafer inspection and sorting equipment.	Solar
2012	• Developed our first conventional solar cell inspection and sorting equipment with vision and testing capabilities.	Solar
2015	• Developed our first solar cell inspection and sorting equipment for the manufacture of IBC solar cells. • Upgraded microcrack vision inspection module by incorporating both EL and PL technology into one system.	Solar

Year	Key Milestones of Products	Target Sector
2016	• Upgraded wire bond AOI equipment with 2.5-D technology and higher camera resolution.	Optoelectronics, discrete components and ICs
2017	• Developed our first wafer and package AOI equipment. • Submitted a utility innovation patent application for a 3D vision system with a plenotic camera for partially-textured or non-textured object surfaces and method thereof. This patent is currently pending.	Optoelectronics, discrete components and ICs
2017	• Developed our first solar cell inspection and sorting equipment for the manufacture of Si-HJT solar cells.	Solar
2018	• Upgraded wire bond AOI equipment with 3D technology and higher camera resolution. • Enhanced wafer and package AOI equipment with six-sided surface inspection. • Developed our first substrate AOI equipment.	Optoelectronics, discrete components and ICs

Please refer to Section 4.14.2 of this Information Memorandum for details on our future R&D activities.

4.9.3 R&D Facilities and Personnel

Our R&D facility is located at our existing manufacturing facility that allows us to conceptualise, design, manufacture prototype and test our products.

As at the LPD, we have 20 permanent employees who are directly involved in R&D activities, including technical engineers and R&D personnel. However, as and when needed, we will also deploy engineers from other departments to engage in R&D activities. Our R&D department is headed by Ooi Cowei, our R&D Manager.

The 20 permanent employees who are engaged in R&D activities as follows:-

	Machine Vision Development	Mechanical and Robot Automation
Staff engaged in R&D activities	11	9

As most of the R&D activities are focused in designing and engineering of machinery and equipment incorporating vision inspection, the main skills required are primarily in machine vision engineering, optics, mechanical engineering, control system engineering as well as computer software development.

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4.9.4 R&D Expenditure

Our R&D expenses incurred during the Financial Periods Under Review, including expenses that have led to the development of our current products, are set out below:-

	FYE 2016		FYE 2017		FPE 2018	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Operating expenditure	1,836	84.73	1,342	84.46	780	100.00
Capital expenditure	331	15.27	247	15.54	-	-
Total R&D expenditure *	**2,167**	**100.00**	**1,589**	**100.00**	**780**	**100.00**
Total R&D expenditure as a proportion of total revenue	**9.05%**		**5.18%**		**4.44%**	

Note:-

* Excluded amortisation expenses incurred during the Financial Periods Under Review.

Our operating expenditure for R&D activities comprised salary and wages, as well as training expenses for our R&D employees.

Meanwhile, our capital expenditure included purchases of machine and tools used for R&D purposes.

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4.10 PROPERTY

Details of the property owned by our Group as at the LPD are as follows:-

Registered Owner	Title Identification/ Postal Address	Description/ Existing Use	Age of Building/ Land Area/ Built-up Area	Date of Certificate of Fitness/ Certificate of Completion and Compliance	Encumbrances	NBV as at 31.12.2017 (RM'000)	NBV as at 30.06.2018 (RM'000)
TT Vision	**Title** Lot 17323, Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang held under PN 7900 **Address** Plot 106, Hilir Sungai Keluang 5, Bayan Lepas Industrial Zone, Phase 4, 11900 Penang	Double storey detached factory The property houses the Group's main office building and principal manufacturing facility	9 years/ 89,394 sq ft/ 21,009 sq ft	28 April 2009	Charge in favour of Public Bank Berhad under presentation no. 0799SC2010033606	17,308	20,800

As at the LPD, there is no breach of any property or land use conditions and/or non-compliance with any regulatory requirements, land rules, building regulations and environmental issue which may materially affect our Group's operations and utilisation of the above property owned by our Group.

As at the LPD, there is no property rented by our Group.

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4. BUSINESS OVERVIEW *(cont'd)*

4.11 EMPLOYEES

As at the LPD, our Group has a total of 95 employees (including our Executive Directors), all of which are permanent employees and are based in Malaysia. Save for 2 foreign employees from Iran and India, all of our employees are Malaysian.

As at 31 December 2017 and the LPD, the number of employees in our Group are as follows:-

Category	Number of employees	
	As at 31 December 2017	As at LPD
Technical personnel:		
- Engineering and production	48	60
- R&D	20	20
Finance, corporate, admin and human resource	9	11
Sales and marketing	3	4
Total	**80**	**95**

None of our employees belong to any labour union and as at the LPD, there has not been any past material industrial dispute between our management and our employees.

4.12 MAJOR CUSTOMERS

Our Group's top 5 major customers for each of the FYE 2016, FYE 2017 and FPE 2018 (including their revenue contribution in RM and %) are as follows:-

Major Customers	FYE 2016		FYE 2017		FPE 2018		Length of business relationship (Years)
	RM'000	%	RM'000	%	RM'000	%	
Company A [(a)]	11,522	48.14	5,216	17.00	5,409	30.79	6
Osram Opto Group [(b)]	5,406	22.59	14,766	48.13	3,649	20.77	15
SP Semiconductor & Communication Co Ltd	-	-	-	-	2,385	13.58	1
Prostech Trading Co Limited	-	-	-	-	1,980	11.27	1
Possehl Group [(c)]	646	2.70	459	1.50	1,868	10.63	3
Hong Kong IPEQ Co Ltd	734	3.07	4,144	13.51	-	-	3
Sanmina-SCI Systems (Malaysia) Sdn Bhd	-	-	1,179	3.84	1	#	2
Radiant Advanced Devices Sdn Bhd	-	-	832	2.71	2	#	7
Diodes Technology (Chengdu) Co Ltd	1,156	4.83	181	0.59	-	-	5
Micro Optics Technologies Pte Ltd	1,163	4.86	-	-	-	-	4

Notes:-

\# Insignificant.

(a) Company A is a NASDAQ-listed company headquartered in California, USA. It is one of the leading commercial solar providers in USA with a group turnover of approximately USD2.1 billion according to its Annual Report 2017. It has more than 30 years of experience in the solar industry with over 7,000 employees worldwide as of 31 December 2017. The market capitalisation of Company A as at the LPD is about USD0.97 billion. Included in the transactions with Company A are two (2) of its wholly-owned subsidiaries and they are presented on a combined basis. Both subsidiaries, one based in the Philippines and another in Malaysia, are principally involved in the manufacturing of solar cells and panels.

(b) Osram Opto Group consists of Osram Opto Semiconductors (Malaysia) Sdn Bhd, Osram Opto Semiconductors (China) Co. Ltd, and Osram GmBH. These companies are part of OSRAM Licht AG, a multinational lighting manufacturer with headquarters in Munich, Germany.

(c) Possehl Group consists of Possehl Electronics (Malaysia) Sdn Bhd and Possehl Electronics Singapore Pte Ltd, which are part of Possehl Electronics Deutschland GmbH, a semiconductor company with headquarters in Niefern, Germany.

We are dependent on the following customers by virtue of their respective contributions to our total revenue for the Financial Periods Under Review:-

- Company A, on a group basis, accounted for 48.14%, 17.00% and 30.79% of our total revenue for FYE 2016, FYE 2017 and FPE 2018 respectively.

- Osram Opto Group accounted for 22.59%, 48.13% and 20.77% of our total revenue for FYE 2016, FYE 2017 and FPE 2018 respectively.

Notwithstanding the foregoing, we believe we have established trusted and mutually beneficial business relationships with Company A and Osram Opto Group as they have been our customers for the past 6 and 15 years respectively. Nonetheless, to reduce overdependence, we have taken steps to broaden our customer base and develop a more diversified portfolio of customers and markets in the future, both locally and internationally.

4.13 MAJOR SUPPLIERS

Our Group's top 5 major suppliers for each of the FYE 2016, FYE 2017 and FPE 2018 (including their purchases contribution in RM and %) are as follows:-

	FYE 2016		FYE 2017		FPE 2018		Length of business relationship (Years)
Major Suppliers	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	
Glomatic Technology Sdn Bhd	1,966	18.53	2,836	17.57	1,314	16.65	14
Suki Technology Sdn Bhd	-	-	339	2.10	494	6.26	2
Sinton Instruments	633	5.97	-	-	418	5.30	4
Crystal Equation Sdn Bhd	308	2.90	331	2.05	401	5.07	7
J L E	-	-	127	0.79	306	3.88	2
Letromec Industries (Malaysia) Sdn Bhd	442	4.16	766	4.74	304	3.85	14
Indelfe Sdn Bhd	376	3.54	714	4.42	225	2.84	7
Adimec Electronic Imaging Pte Ltd	339	3.19	531	3.29	164	2.08	5
Vital Vision Technology Pte Ltd	365	3.44	646	4.00	99	1.25	7
Tau Science Corporation	433	4.08	310	1.92	29	0.37	3

We are not dependent on any of our top 5 suppliers for the purchases of materials or subcontracted services as they can be widely sourced from other suppliers. For the Financial Periods Under Review, only one of our suppliers accounted for more than 10.0% of our purchases of materials and services as follows:-

- Glomatic Technology Sdn Bhd, a metal fabrication company, was our top supplier for the Financial Periods Under Review, supplying mostly fabricated metal parts.

As at the LPD, we have not encountered any significant production disruption due to shortage of supplies from our suppliers to meet our production requirements.

4.14 FUTURE PLANS AND STRATEGIES

We will continue to leverage from our core competency and strengths in manufacturing machine vision equipment by embarking on the following strategies to strengthen our position in the market as well as expand our business operations.

4.14.1 Construction of New Manufacturing Facility

We are currently operating from our head office which include our main manufacturing facilities and R&D centre taking up one-third of our 2-acre land in Bayan Lepas Free Industrial Zone, Phase 4 in Penang with a total floor space of about 22,000 sq ft. To cater to our future business growth including the development of new products and software to target other industry sectors, we plan to expand our existing production space.

In this respect, we intend to construct a new manufacturing facility on the remaining vacant 1.33-acre land. This new manufacturing facility is expected to have an approximate built-up area of about 31,000 sq ft, of which 20,000 sq ft will be dedicated to production floor space. The remaining 11,000 sq ft is planned for management office, R&D centre to carry out production development activities, product showroom for product display and demo purpose as well as training rooms. Upon completion, our total combined floor space dedicated to our principal operations will be increased from 22,000 sq ft to about 53,000 sq ft.

As part of our expansion plan, we also intend to have bonded facilities where we will be applying for a Licensed Manufacturing Warehouse for duty free import and export of certain materials and finished products once the new manufacturing facility is commissioned. Our current facility will remain as a production floor space and administrative cum head office.

As at LPD, we have obtained approvals from Majlis Bandaraya Pulau Pinang in June 2018 and the Department of Civil Aviation Malaysia in January 2018 for our building plans. We commenced construction of the new manufacturing facility in October 2018 with the piling works completed in November 2018. The official commissioning date is expected to be in the third quarter of 2019. The total cost of the construction is estimated at RM10.80 million while we are projecting to incur approximately RM1.0 million for the cost of equipment/machinery. We intend to allocate RM5.0 million from our Proposed Placement proceeds to part finance the construction cost with the remaining balance to be financed via a combination of external borrowings and/or internally generated funds.

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4.14.2 Strengthen our R&D Centre

Our business strategy is to continue to engage in R&D to keep abreast with new developments in technology as well as to develop new and enhanced equipment to meet our customers' requirements. In this respect, we expect to commercialise the following products as part of our on-going R&D:-

Commercialisation of New and Enhanced Products

	Target Industry	2018	2019	2020	2021
New product					
Automated x-ray inspection (AXI) equipment	Optoelectronics, discrete components and ICs				√
Enhanced products					
Wire bond AOI equipment with 3D depth sensing technology *	Optoelectronics, discrete components and ICs	√	√	√	√
Quad solar cell inspection and testing equipment	Solar		√	√	√
Solar cell inspection and sorting equipment for bifacial busbar-less solar cell	Solar			√	√
Vision guided robotic equipment with enhanced vision inspection system and technology	Electrical and electronics			√	√

Note:-

* Wire bond AOI equipment for discrete components and ICs was commercialised during FPE 2018. We will continue to develop/enhance the said equipment for different target industries.

To further strengthen our R&D centre, we intend to purchase new equipment, tools and software. These new tools and software will enable us to enhance as well as expand our product portfolio. Part of our plans also includes employing additional R&D personnel focusing on software design and development and mechanical and electrical engineering.

We have estimated that a sum of RM1.0 million will be required to strengthen our R&D centre which is expected to be funded through internally generated funds.

4.15 PROSPECTS OF OUR GROUP

The future prospects of our business are dependent on the following factors:-

(a) Our continuing business growth

Between FYE 2016 and FYE 2017, our revenue grew from RM23.94 million to RM30.68 million representing a growth of 28.16%. Furthermore, for the first 6-months 2018, our revenue grew by 25.36% compared to the corresponding period in 2017. Our growth in revenue during the Financial Periods Under Review will provide us with a platform to address future business opportunities and demand for our products.

(b) Our competitive advantages and key strengths

Our competitive advantages and key strengths, as listed below, will provide us with the platform to further grow and improve our competitive positioning of our Group:-

- We have a track record of 16 years as a manufacturer of machine vision equipment.
- We have R&D capabilities to carry out product innovation and development.

- We have an experienced management, engineering, production and R&D team.
- We have established business relationships with our major customers who are market leaders in their respective fields which will provide us with a platform to grow our business.

For further details please refer to Section 4.4 of this Information Memorandum.

(c) Our future plans to provide sustainable growth

We have in place a sound business and expansion plan moving forward which is focused in the following areas:-

- Construction of new manufacturing facility to address growth opportunities.
- Strengthening of our R&D centre to keep abreast with new developments in technology as well as to develop new/enhanced products to meet customers' requirement.

Please refer to Section 4.14 of this Information Memorandum for further details.

(d) Industry performance, drivers and opportunities

The past growth trends of the semiconductor manufacturing equipment industry including some of the user industries namely the semiconductor, optoelectronics and solar sectors are as follows:-

- Between 2013 and 2017, global semiconductor manufacturing equipment sales which include machine vision equipment grew by a compound annual growth rate ("**CAGR**") of 15.5%.
- Between 2013 and 2017, global semiconductor and optoelectronics sales grew by a CAGR of 7.8% and 6.0% respectively.
- Between 2013 and 2017, global production of solar modules and cells both grew by a CAGR of 27.4% respectively. In 2017, Malaysia was the third largest global producer of both solar cells and modules.
- Between 2013 and 2017, global cumulative solar photovoltaic installed capacity grew by a CAGR of 31.0%. The global cumulative installed capacity is expected to reach 1 terawatt by 2023.

The semiconductor manufacturing equipment industry will be driven by growth in the following areas: (i) smart devices (smartphones, wearables and tablets) and storage devices (data centres), (ii) optoelectronics (photonics, fibre optics and LEDs), (iii) embedded technology (integrated circuits, printed circuit boards and LEDs), (iv) Internet of Things, and (v) renewable energy (solar photovoltaic).

The drivers of growth for the semiconductor manufacturing equipment industry are dependent on economic and social factors that may affect consumer, business and government spending on a global level.

In general, the continuing expected growth in the global economies, as well as growth and developments in various end-user markets would continue to drive the demand in the semiconductor industry. This would ultimately provide opportunities to manufacturers of semiconductor equipment who are serving these end-user markets.

(Source: IMR Report)

Please refer to Section 5 of this Information Memorandum for further details.

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21 December 2018

The Board of Directors
TT Vision Holdings Berhad
Plot 106, Jalan Hilir Sungai Keluang 5
11900 Bayan Lepas Free Industrial Zone 4
Penang, Malaysia

Dear Sirs/Madam

Independent Assessment of the Semiconductor Manufacturing Equipment Industry

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

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

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

Yours sincerely

Wooi Tan
Managing Director

VITAL FACTOR CONSULTING
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INDEPENDENT ASSESSMENT OF THE SEMICONDUCTOR MANUFACTURING EQUIPMENT INDUSTRY

1. INTRODUCTION AND FOCUS OF REPORT

- TT Vision Holdings Berhad and its subsidiaries (TTVHB Group) is a manufacturer of machine vision equipment for the semiconductor industry specifically for optoelectronics, solar wafer and cells, discrete components and integrated circuits.
- In this respect, this report will focus on the performance of the semiconductor industry, with additional discussion on the optoelectronics, solar wafer and cell and integrated circuit segments of the semiconductor industry.
- The term semiconductor manufacturing equipment will be used interchangeably with semiconductor equipment in the context of this report.

2. MACHINE VISION EQUIPMENT

- Machine vision equipment are used for four main functions, namely, inspection, identification, measurement and guidance.
- Machine vision equipment comprises a combination of hardware and software and is based on capturing and processing images. The key hardware is the camera with its lenses, shutter mechanism and light source to capture images. Once the images are captured, the software is used to process them and subsequently issue actionable instructions.
- Examples of usage of machine vision equipment includes the following:
  - Inspection: To assess product quality to enable acceptance or rejection of manufactured products;
  - Identification: For sorting purposes based on shape and colour;
  - Measurement: Measuring two-dimension plane and distances between two points.
  - Guidance: The use of robotics in the movement of objects to specific locations.
- The key benefits of machine vision compared to human vision include faster, higher quality, higher productivity and lower cost throughput in examining objects. In situations where objects being handled are in microscale or throughput of several tens of thousands of units per hour, machine vision is the only practical means to undertake such tasks.
- Machine vision equipment are used in many industrial and non-industrial applications. Within the semiconductor manufacturing industry, machine vision equipment plays a supporting role as they are not directly involved in the process of manufacturing products. Nevertheless, they can be integrated in-line with other manufacturing machinery and equipment, or as standalone equipment to undertake batch processing.

3. SEMICONDUCTOR MANUFACTURING EQUIPMENT

- Semiconductor manufacturing equipment refers to either standalone equipment or an integrated set of automated machinery used to perform a series of processing or manufacturing tasks. Semiconductor equipment plays a critical role in the manufacturing of electrical and electronics (E&E) products as most high-volume operations involve highly automated processes. This is due to the need to reduce per unit product costs, attain high volume output within a short timeframe, increase product quality, and in some situations handle very small items at high speed.

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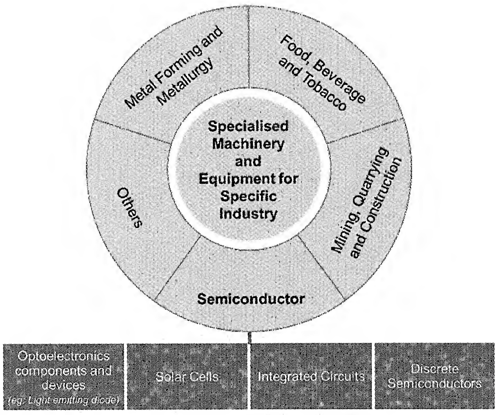


TTVHB Group is involved in these segments of the industry

- TTVHB Group operates within the semiconductor manufacturing equipment sector for E&E products, which is part of the total umbrella under specialised machinery and equipment. Specialised machinery and equipment refer to those that are designed and customised to fulfill the needs of a specific industry including agriculture, metal, mining and quarrying, food and beverage, textile and apparel, E&E and others.

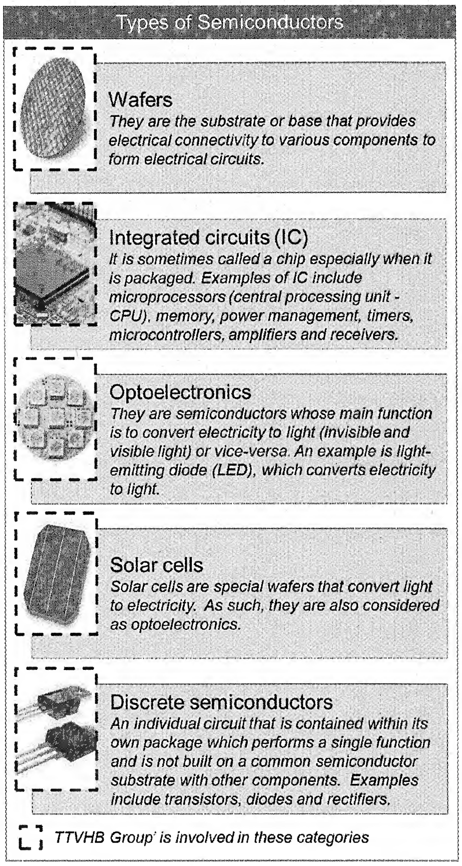
- TTVHB Group mainly manufactures machine vision equipment to perform a combination of functions including inspecting, testing and sorting products during the production process.

- Vision inspection is an important process in the manufacturing of E&E products such as LED and solar cell components. This is because the production process of E&E products involves many complex manufacturing steps. If defects occur early in the process, all work undertaken in the subsequent steps would be wasted. Therefore, vision systems to inspect defects are set up at critical points in the manufacturing process to ensure that a certain yield can be confirmed and maintained.

- Malaysia's E&E industry is the largest contributor to the country's overall manufacturing sector which drives Malaysia's economy. Between January and September 2018, E&E exports accounted for 45.3% of Malaysia's total manufactured goods export. Semiconductor manufacturing equipment plays a major role in E&E manufacturing.

4. SEMICONDUCTOR INDUSTRY

4.1 Types of Semiconductors



- Semiconductors are materials that allow electricity to pass through, but not as efficiently as conductors like most metals. In the context of this report, the term semiconductors are taken to refer to semiconductor components or devices.

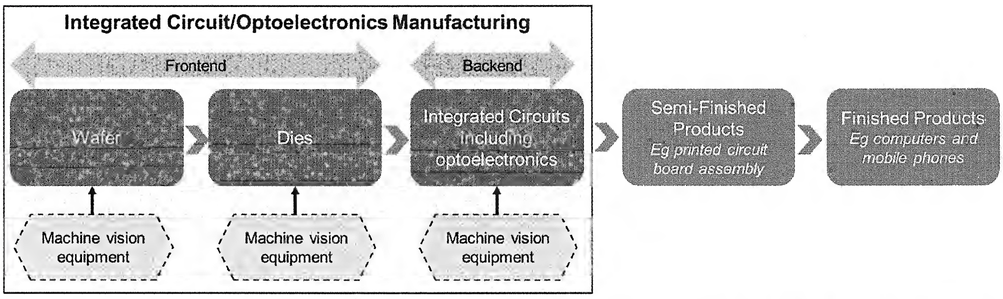
- Semiconductors include the base substrate, referred to as wafer (which provides electrical connectivity), dies (which are cut-out small pieces of wafers with circuitries etched on it), as well as very small components placed within an electrical circuit (die) to perform certain functions. Semiconductors are used in all electronic devices including smart devices such as smartphones, tablets and fitness wearables, computers, consumer electronics for example, digital televisions, automotive electronics as well as various electrical devices.

- Semiconductors are the "brains" of many electronic products. With continuing technological innovation, the use of semiconductors is becoming more widespread in other applications including automotive, medical devices, factory automation and in the distant future, connected devices in the home or workplace, also commonly known as the internet of things (IoT).

- TTVHB Group is involved in manufacturing machine vision equipment that are used mainly to inspect defects or irregularities, and test and sort items in the production of semiconductors such as solar wafer and cells, optoelectronics, discrete components and integrated circuits.

4.2 Integrated Circuit and Optoelectronics Manufacturing Process

- The integrated circuit and optoelectronics manufacturing process is similar to one another. The manufacturing process of these products are separated into frontend and backend processes. Frontend manufacturing refers to wafer fabrication including forming the semiconductor ingot (commonly polycrystalline silicone), cutting the ingot into slices of wafer and etching circuitries on the wafer to form multiple dies in each wafer. The backend manufacturing refers to the assembly and packaging of integrated circuits including optoelectronics. Assembly and packaging comprise the process of placing discrete components onto the circuitry of each die and encapsulating them for protection.



TTVHB Group's machine vision equipment are used to perform inspection at this stage of the integrated circuit and optoelectronics manufacturing process as part of product quality assessment.

- **Wafers:** Wafers are thin slices of semiconductors made from materials like silicon. Wafers represent the substrate in which circuits are etched on them through a process such as photolithography. These circuits provide the flow path for electric current. Prior to etching circuitries onto the wafer, the wafer is subdivided into smaller squares or rectangles. Depending on the desired function, complete circuitries are etched onto each of these squares or rectangles.

- **Die:** Each of these squares or rectangles is called a die. The die becomes the electric circuit board where components like transistors, resistors and capacitors are placed.

- **Integrated circuit:** Once all the electronic components are placed or assembled onto the die, the die is mounted on a metal frame (lead frame) and connected through wire bonding. It is then encapsulated (with the lead legs sticking out) to keep them in place and to prevent contamination and damage. This encapsulated item is commonly known as an integrated circuit package or chip which will have a specific function like computer processing unit (CPU or microprocessor chip) or to store data as a memory chip. Some integrated circuit packages may even contain multiple die depending on its design.

  Alternatively, wafer level packaging (WLP) is an advanced technology of packaging an integrated circuit at the wafer level before dicing or singulation (cutting the wafer into multiple dies). It involves attaching the top and/or bottom protective layers as well as preparing the electrical connections on the integrated circuits while they are still at the wafer stage prior to dicing them. Compared to the conventional way of packaging integrated circuits, WLP results in smaller packaged chip sizes.

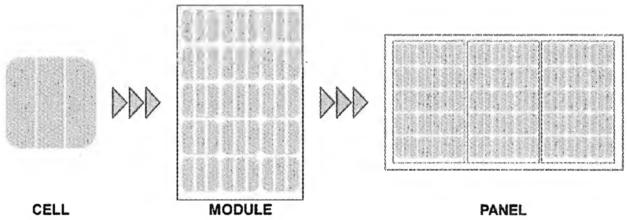
- **Semi-finished products:** It includes fully assembled printed circuit boards that incorporate all the various types of chip, and other semiconductor components like resistors, capacitors and power management module. Such semi-finished products include motherboards of smart devices and computers.

- **Finished products:** Once all the semi-finished products are assembled, they become the final electronic products, for example mobile phones.

4.3 Solar Industry

- The solar industry in this report refers to the use of sunlight to generate electricity. It excludes solar energy used for illumination and heating. Photovoltaic (PV) is the process of converting sunlight directly into electricity using solar cells, sometimes known as PV cells.

- A solar cell is made up of semiconductors that converts the sun's light directly to electricity. It is the basic building block of a solar module or solar panel. Each solar cell is small and generates a very small amount of electricity. These cells are then placed and connected together to become a solar module. The number of cells in a module varies and may contain 36, 48, 60 or 72 cells. These modules are then placed and connected together to become a solar panel. A solar array comprises many solar panels connected together and may cover a larger surface area depending on the amount of electricity required to be generated.



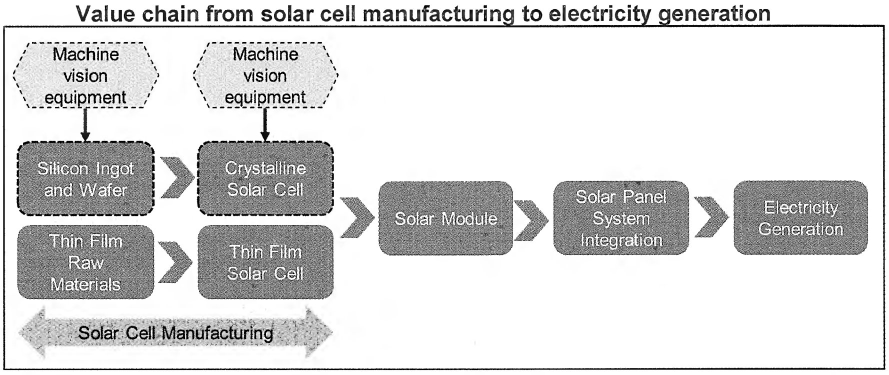
- The solar industry is a growing subsector of the E&E industry in Malaysia. This is supported by the fact that Malaysia has developed a solar industry cluster comprising upstream polysilicon production comprising ingot and wafer manufacturing, solar cell and solar module manufacturing, through to downstream activities including systems integration. Some of the major foreign cell and/or module manufacturers with manufacturing facilities in Malaysia include, among others, SunPower Manufacturing Malaysia Sdn Bhd, First Solar Malaysia Sdn Bhd, Panasonic Energy Malaysia Sdn Bhd, Jinko Solar Technology Sdn Bhd, Longi (Kuching) Sdn Bhd, JA Solar Malaysia Sdn Bhd and Hanwha Q Cells Malaysia Sdn Bhd. According to the Malaysian Investment Development Authority, Malaysia is one of the largest manufacturers of solar cells and modules in the world with exports of solar manufacturing companies valued at RM11.1 billion in 2016.

4.4 Solar Cell Manufacturing

- There are two main methods of manufacturing solar cells. One of the methods is to slice wafers from a solid semiconductor ingot mainly made from silicon. These wafers are referred to as crystalline silicon. The other method is to deposit a thin film of PV materials, for example cadmium telluride, copper indium gallium selenide, amorphous silicon and gallium arsenide, onto a substrate such as a glass panel. This is referred to as thin film solar cells.

- TTVHB Group's machine vision equipment is used in the solar cell manufacturing process to inspect crystalline solar cells for product quality purposes.

Value chain from solar cell manufacturing to electricity generation



TTVHB Group's machine vision equipment are used to perform inspection on solar wafers and solar cells at this stage of the solar cell manufacturing process as part of product quality assessment.

5. DEMAND DEPENDENCIES

- In general, favourable developments within the semiconductor industry such as an increase in sales and production of semiconductors, would benefit the semiconductor manufacturing equipment industry including machine vision equipment.

5.1 Performance of the Semiconductor Industry

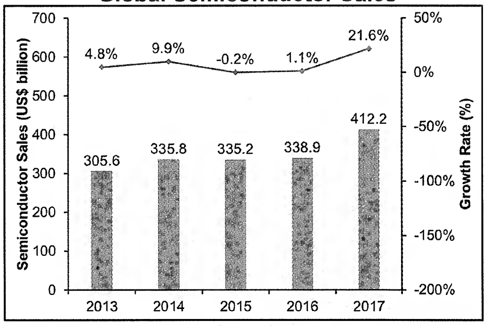
- Between 2013 and 2017, global semiconductor sales grew by a CAGR of 7.8% from US$305.6 billion in 2013 to US$412.2 billion in 2017. Moving forward, growth is expected to be driven by sensors, optoelectronics and integrated circuits.

5.2 Optoelectronics Market Segment

- Optoelectronics segment includes LED displays and lamps, and other opto-sensing and emitting semiconductor devices such as laser pick-up and transmitters, image sensors, infrared emitter and detectors, light sensors and other optoelectronics.

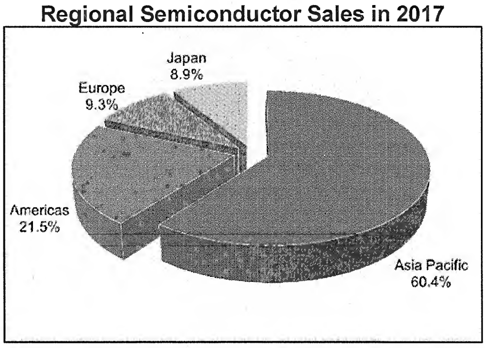
- Between 2013 and 2017, global sales of optoelectronics grew at a CAGR of 6.0% from US$27.6 billion in 2013 to US$34.8 billion in 2017.

Global Semiconductor Sales



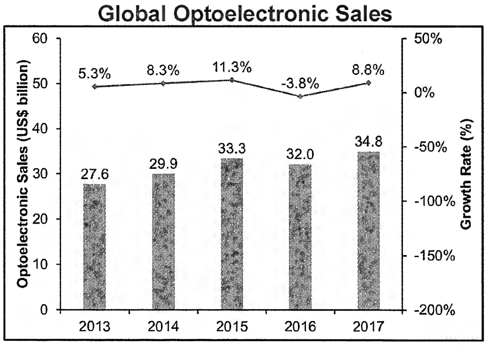
(Source: Vital Factor analysis)

Regional Semiconductor Sales in 2017



(Source: Vital Factor analysis)

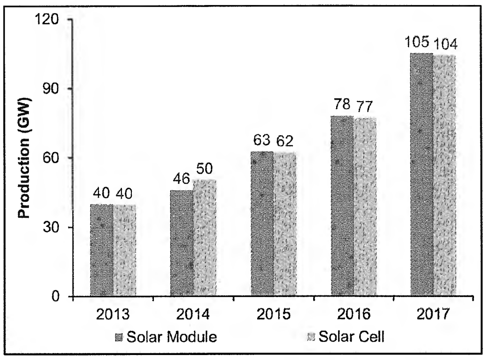
Global Optoelectronic Sales



(Source: Vital Factor analysis)

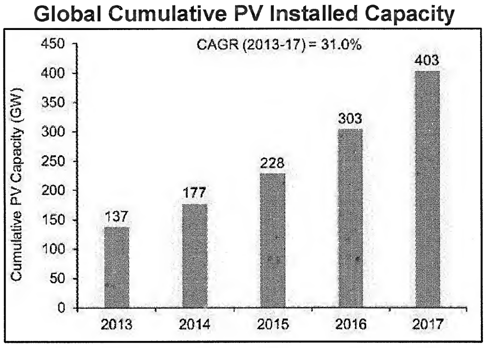
5.3 Solar Cell and Module Market Segment

Global Solar Cell and Module Production



(Source: Vital Factor analysis)

Global Cumulative PV Installed Capacity



(Source: Vital Factor analysis)

- The global production of solar modules and cells both recorded a CAGR of 27.4% between 2013 and 2017 respectively.

- In 2017, China was the largest producer of solar cell and modules, accounting for 69% and 72% of global production respectively. In the same year, Malaysia was the third largest global producer of both solar cells and modules, accounting for 7% and 6% respectively.

- The increase in the production of solar cells and modules between 2013 and 2017 indicates growth in demand for solar cells and modules. Therefore, this will continue to create opportunities for manufacturers of semiconductor equipment serving the solar cells and modules market segment.

- Between 2013 and 2017, global cumulative PV installed capacity grew at a CAGR of 31.0%, from 137 gigawatt (GW) in 2013 to 403 GW in 2017.

- Moving forward, the global cumulative PV installed capacity is expected to reach 1 terawatt by 2023 *(Source: Vital Factor analysis)*. Continued growth of solar installed capacity and electricity generation will positively benefit manufacturers of semiconductor equipment including machine vision equipment that serve the solar industry through increased demand for their products and services.

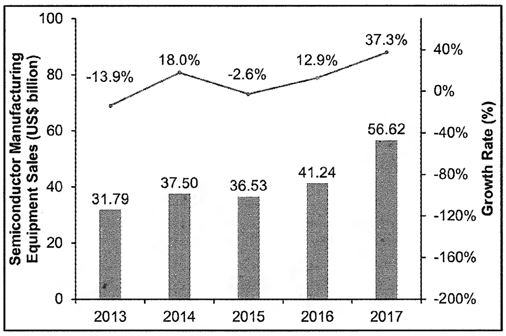
5.4 Developments pertaining to import tariff imposed on certain crystalline silicone solar cells and modules into the USA market

- In January 2018, the United States Government imposed a tariff on the imports of certain crystalline silicone solar cells and modules (excluding thin film solar cells and modules) into the USA, effective February 2018. An import tariff of 30% was imposed on these types of products in 2018, and thereafter reduce by 5% every year for the next three years up to 2021. The import tariff is likely to impact on the demand for certain imported crystalline silicone solar cells and modules into the USA. In this respect, manufacturers of semiconductor manufacturing equipment that serves customers who are exporters of such crystalline silicone solar cells and modules into the USA market, may be affected by this tariff. In September 2018, the United States Government exempted some types of crystalline silicone solar cells and modules from the above said import tariff. This exemption covers, among others, interdigitated back contact (IBC) solar cells and modules.

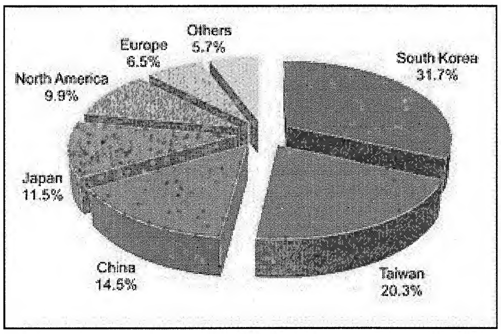
- For FYE 2017, TTVHB Group's revenue contribution from the solar inspection and sorting equipment (majority were for IBC solar cell manufacturing) accounted for 32.40% of the Group's total revenue.

6. PERFORMANCE OF THE SEMICONDUCTOR MANUFACTURING EQUIPMENT INDUSTRY

Global Semiconductor Manufacturing Equipment Sales



Global Semiconductor Manufacturing Equipment Sales by Region/Countries in 2017

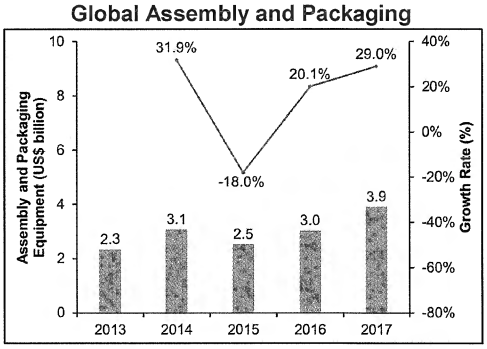


(Source: Vital Factor analysis)

- Between 2013 and 2017 global sales of semiconductor manufacturing equipment grew at a CAGR of 15.5%. In 2017, semiconductor manufacturing equipment sales was the highest in South Korea as sales grew by 133.4% to US$17.95 billion.

- In 2017, wafer processing equipment, other front-end equipment[(a)], assembly and packaging equipment, and semiconductor test equipment represented 80.5%, 4.4%, 6.8% and 8.3% respectively of global sales of semiconductor manufacturing equipment. Note: (a) comprises fab facilities equipment, wafer manufacturing and mask/reticule equipment.

Global Assembly and Packaging



(Source: Vital Factor analysis)

- TTVHB Group's products are primarily classified under assembly and packaging equipment sector. This is part of the overall umbrella of the semiconductor manufacturing equipment industry. Between 2013 and 2017, sales of assembly and packaging equipment grew by a CAGR of 13.8% from US$2.32 billion in 2013 to US$3.89 billion in 2017.

- Imports and exports also provide indicators for the demand of semiconductor manufacturing equipment. The tables below present both the global and local trade flows of semiconductor manufacturing equipment:

Global Imports and Exports Values of Semiconductor Manufacturing Equipment

	2013	2017p*	2013-17p CAGR (%)
Exports (USD billion)	42.8	76.4	15.6%
Imports (USD billion)	44.3	80.6	16.1%

Malaysia's Imports and Exports of Semiconductor Manufacturing Equipment

	2013	2017	2013-17 CAGR (%)
Imports (RM billion)	1.37	5.64	42.6%
Exports (RM billion)	1.31	4.19	33.7%

* 2017p = Preliminary data where certain countries have yet to publish its trade data for 2017.

Notes: Includes machines and apparatus solely or principally used in the manufacturing of wafer, semiconductor devices, integrated circuits or flat panel displays, related parts and accessories, machines and apparatus solely or principally used for the manufacture or repair of masks and reticles, assembling semiconductor devices or electronic integrated circuits, and lifting, handling, loading/unloading of boules, wafers, semiconductor devices, electronic integrated circuits and flat panel displays. *(Source: Vital Factor Analysis)*

- Malaysia's imports and exports of semiconductor manufacturing equipment continued to grow between 2013 and 2017 which augurs well for operators in this industry.

7. INDUSTRY DRIVERS

- Overall, the semiconductor manufacturing equipment industry will be driven by growth in the following areas:
  - Smart devices (smartphones, wearables and tablets), storage devices (data centres);
  - Optoelectronics (photonics, fibre optics and LED);
  - Embedded technology (integrated circuits, printed circuit boards and LED);
  - Internet of Things (IoT);
  - Renewable energy (especially solar PV).

- The drivers of growth for the semiconductor manufacturing equipment industry are dependent on economic and social factors that affect consumer, business and government spending on a global level. These factors include general economic conditions and performance of end user markets. In 2017, global real GDP grew by 3.7%. Global real GDP is expected to grow by 3.7% in 2018 as advanced economies continue to expand marginally while growth in emerging markets and developing economies remained steady *(Source: International Monetary Fund)*. Growth in global real GDP in 2018 takes into consideration the restrictive trade measures imposed by the US administration.

- In addition, on-going technological developments have the potential to influence the demand for electronic and semiconductor products and devices such as the increasing use of smartphones and smart devices, optoelectronics and increasing interconnectivity of devices.

- One of the contributors to the growth of semiconductors is the LED segment which is used in mobile devices, automotive and general household lightings. The global outlook for optoelectronics product segment (including LED products for wireless communication segment and automotive segment) is expected to chart positive sales growth *(Source: Malaysian Investment Development Authority)*.

- Other developments include IoT which refers to the interconnectivity of a network of physical objects including, among others, vehicles, machines, consumer electronics, point-of-sales terminals, wearable devices and other items that are equipped with sensors and communicated through network systems and equipment, and ultimately data stored in data centres. The IoT devices allow these objects to collect and exchange data through the Internet or other networks, and in some cases can be monitored and controlled remotely. IoT is currently still in the growing phase and is yet to gain wide acceptance. However, it has the potential to significantly increase the usage of electronic devices and semiconductors embedded in a growing range of objects. The data generated by the IoT will also result in the expansion and upgrading of communications networks and cloud computing infrastructure, which are all based on electronic devices.

- Globally, solar energy using PV is the fastest growing source of renewable energy driven by rapid deployment in Asia particularly China, Japan and India. Between 2013 and 2017, global cumulative PV installed capacity grew at a CAGR of 31.0%, from 137 gigawatt (GW) in 2013 to 403 GW in 2017. The growth in solar PV has been largely driven by government policy and incentives coupled with reduction in costs. Moving forward, the global cumulative PV installed capacity is expected to reach 1 terawatt by 2023 *(Source: Vital Factor analysis)*.

8. CONCLUSION

- In general, continuing growth in the global economies, as well as growth and developments in various end-user markets would continue to drive the demand in the semiconductor industry. This would ultimately provide opportunities to manufacturers of semiconductor equipment who are serving these end-user markets.

6. RISK FACTORS

YOU SHOULD EVALUATE AND CONSIDER CAREFULLY THE FOLLOWING RISKS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE ALONG WITH OTHER MATTERS IN THIS INFORMATION MEMORANDUM BEFORE INVESTING IN OUR SHARES.

6.1 RISKS RELATING TO OUR BUSINESS OPERATIONS AND THE INDUSTRY WE OPERATE IN

6.1.1 Reliance on Directors and key management personnel

Our achievements are largely attributable to the continued efforts of our Executive Directors and key management personnel who are directly responsible for the vision, strategic direction, leadership, business planning and development as well as management of our Group's business operations. The loss of any of our Executive Directors and/or key management personnel, and our subsequent inability to recruit suitable replacement personnel in a timely manner, may adversely affect our business operations and financial performance as well as our continuing ability to compete effectively in the industry.

We recognise the importance of retaining our Executive Directors and key management personnel and have in place a human resource strategy, which includes maintaining a competitive remuneration package and providing opportunities for career development for our employees. As part of our management succession plan, efforts have been made to promote and groom lower and middle management staff to gradually assume the responsibilities undertaken by the senior management team to ensure continuity in our management team.

6.1.2 Reliance on major customers

Our Group has established business relationships with 2 of our largest group of major customers for more than 6 years where their aggregate revenue contribution amounted to 70.73%, 65.13% and 51.56% of our Group's total revenue for FYE 2016, FYE 2017 and FPE 2018 respectively. Although we have built up good rapport with them generally, these customers may not continue to purchase from us. In the event of any failure to maintain business relationships in the future or any unexpected reduction in orders from them, our operating results may be adversely affected.

To reduce overdependence, we have taken steps to broaden our product range and develop a more diversified portfolio of customers and markets in the future, both locally and internationally. This has resulted in the reduced level of dependence on these 2 major customers as can be seen on the decreasing trend of their aggregate revenue contribution over the years. In addition, our Group has maintained and will continue to maintain close business relationships with all our customers and will continuously strive to meet our customers' expectations by paying closer attention to their feedback and working in tandem with their requirements/needs to improve our product and service quality as well as our after-sales efforts.

6.1.3 Changes and uncertainties in the industries/sectors we are involved in

We supply machine vision equipment to customers from various industries/sectors including the semiconductor, optoelectronics and solar market. Therefore, the prospects of our business are dependent, to a certain extent, on the growth and performance of these industries/sectors, which in turn, are subject to global demand amongst others. If the market/demand for our products were to suddenly expand, we would require significant increase in production capacities and capabilities, including adequate capital/fundings, manpower resources as well as supplies and materials, in order to fully capitalise on such rise. The failure to adjust to such unanticipated increase in demand for our products could result in our Group losing existing customers or losing the opportunity to establish business relationships with potential customers. Such failure may adversely affect our Group's future financial results and market share.

We are also exposed to unfavourable changes to the industries/sectors in which we are involved in such as slowdown in the global demand for semiconductors, decline in the demand for our customers' products, fluctuations in the general consumer behaviour, global trade restrictions/interruptions, imposition of adverse government regulations or additional tariffs/duties in the semiconductor industry. Such risks may further affect our business and financial performance negatively.

In addition, the market for the Group's products is characterised by rapidly changing technology as technology obsolescence is one of our business inherent risks. The Group's future growth and success will depend upon our ability to enhance existing products and introduce them on a timely and cost-effective basis, as well as to develop new products to meet and capitalise on new technological developments. The failure of the Group to develop, manufacture and commercialise new and enhanced products could have a material adverse effect on the Group's business, financial condition and results of operations.

Our Group seeks to limit these risks through our continuous investment in R&D activities, active engagement with our customers and employment of strategic marketing activities in order take cognisance of any possible fluctuations in these industries/sectors and to ensure that our products and services remain technologically relevant and meet customers' demands. Further, our participation in trade fairs/exhibitions and continuous engagement with our customers/suppliers enable us to keep abreast with the latest technology development which in turn allow us to design or improve our R&D programmes more effectively.

6.1.4 Foreign exchange risk

We are exposed to foreign exchange risk as part of our revenue and purchases are transacted in foreign currencies, especially USD. For the past two (2) FYE 2016 and FYE 2017 as well as the FPE 2018, 69.39%, 55.82% and 73.97% of our total revenue were denominated in USD respectively. This is equivalent to revenue of RM16.61 million, RM17.12 million and RM12.99 million respectively. Purchases that were denominated in USD for FYE 2016, FYE 2017 and FPE 2018 accounted for 32.59%, 17.31% and 22.10% of our total purchases respectively or RM3.46 million, RM2.79 million and RM1.75 million.

Moving forward, we expect to derive more revenue denominated in foreign currencies, especially USD, in view of our growing presence in the overseas markets in the past few years, and our plan to further expand our geographical presence. Any significant fluctuations in exchange rates, particularly the USD, may have a significant impact, whether positively or negatively, on the revenue and earnings of our Group. At present, we do not use any financial instruments to hedge our exposure against transactions in foreign currencies. However, we will continue to assess the need to utilise financial instruments to hedge our currency exposure, taking into consideration factors such as the foreign currency involved, exposure periods and transaction costs. Our Group's financial results during the Financial Periods Under Review have not been materially affected by the unfavourable fluctuations in the exchange rate.

6.1.5 Prospects of our business is dependent on our ability to execute our business strategies successfully

Although our overall strategy is to focus on our core competencies in machine vision equipment, the prospects of our business are dependent on the timely execution of our business strategies and future plans including the construction of a new manufacturing facility and strengthening of our R&D resources and facility. We may not be able to implement our business strategies according to our financial and business expectations in a timely manner as they are subject to capital investment and workforce constraints as well as being hindered by other factors beyond our control. This in turn may adversely affect our future business and financial performance. Please refer to Section 4.14 of this Information Memorandum for further details on our business strategies and future plans.

6.1.6 Absence of long term contractual agreement with our customers

Our Group does not have any long-term contracts with our customers. The absence of long-term contracts is consistent with the machine vision inspection business which is subject to rapid technology changes and thus frequent product specification changes. As such, the contracts for the supply of our products and services are generally short-term in nature and subject to individual purchase orders. Hence, the financial performance of our Group would be dependent on the ability of our Group to secure new contracts/orders on a consistent basis. Failure in securing new contracts/orders on a sustainable basis may have a material adverse financial impact on our Group.

Notwithstanding the absence of long-term contractual agreements with customers, we have established close working relationships with our customers, particularly our major customers as disclosed in Section 4.12 of this Information Memorandum, with most of whom we have established long working relationship of between 3 and 15 years. Our Group will continuously and proactively seek to maintain long standing and good relationships with our customers in order to ensure business continuity and growth.

6.1.7 Reliance on major suppliers

Our Group relies to a certain extent on our major suppliers with whom we have worked closely in supporting our business activities. Any severance of these relationships will have a negative impact on our Group's ability to supply our products and services to our customers especially that we do not have long term arrangements with our suppliers. Nonetheless, our years of business relationship with majority of our major suppliers range from 2 to 14 years and as at the LPD, we have not encountered any major problems in sourcing for our supplies and materials. Although our Group seeks to mitigate this risk by continuously maintaining good relationships with our major suppliers to ensure minimal disruptions to the supply chain and our operations, any future changes in the relationships with them or any disruption or delay in the delivery of the materials may have an adverse impact on our business.

6.1.8 Competition from industry players

We face competition from existing and prospective industry players that are capable of producing similar products. Some of our competitors are more established and are of larger scale. We rely on our competitive strengths as set out under Section 4.4 of this Information Memorandum to mitigate the competition risk.

With about 16 years of experience in the machine vision equipment business, we are able to advise our customers on each product's features and also integrate our products as a comprehensive solution to meet our customers' specific requirements and preferences. Our experienced technical team also provides our customers with faster and more effective after-sales services. We will take reasonable measures to expand our marketing and sales efforts to reach out to new potential customers, constantly engage with them to understand their needs/requirements, develop new or better products that embrace latest technology and meet customers' demands, and co-develop inspection equipment with some of the customers. If we fail to compete effectively or maintain our competitiveness in the market, our results of operations and financial conditions will be adversely affected.

6.1.9 Credit risk

We grant our customers credit periods of between 30 and 90 days and as such, we are exposed to credit risks arising from our Group's trade receivables which may arise from events and circumstances beyond our Group's control. Any delay or difficulty in collecting our trade receivables may negatively affect our cash flows and financial performance. As a measure to mitigate our credit risk exposure to customers with long payment period, we will exercise careful judgment and undertake appropriate credit assessment prior to accepting new orders from such customers.

During the Financial Periods Under Review, save for bad debts amounted to RM0.13 million for the FYE 2016, we have not had any incidents of debts being written off. We will continue to closely monitor the ageing of our trade receivables and to keep close relationships with our customers to ensure timely collection of our trade receivables.

6.1.10 Major disruptions to our operations

We currently have one plant in operation, thus, any significant operational disruptions at our sole manufacturing facility would have a material impact on our business operations and financial results. We face the risk of operational failures caused by accidents, including but not limited to, mechanical breakdowns and/or human errors. Any interruption in, or prolonged suspension of any part of our operations, or any damage to or destruction of, our manufacturing facility arising from unexpected or catastrophic events may prevent us from supplying products to our customers within our time commitment. This in turn may result in an adverse effect on our business and financial performance.

In addition, any breakdown or suspension of our production or failure to supply our products and services to our customers in a timely manner may result in breach of purchase order and loss of sales, subsequently, exposing us to potential liability/compensation claims, resulting in considerable costs as well as damages to our reputation. This could have an adverse effect on our reputation, business, results of operations and financial conditions.

6.1.11 Risk in infringing intellectual property of third parties

Our Group may unknowingly infringe upon the intellectual property rights of third parties and may be held responsible for such infringements. As at the LPD, we have not been the subject of any intellectual property claims. However, any future litigation regarding patents or other intellectual property infringements could be costly and time consuming and divert significant management and staff resources. If our Group loses a claim, we may suffer significant liabilities, litigation costs or be prevented from selling our products if the products infringe upon the intellectual property of third parties.

We will take reasonable measures to conduct necessary search to ensure that our product designs do not infringe the intellectual property of third party. In addition, we will engage qualified lawyers or intellectual property agents to assist us to file for the registration of our intellectual properties.

6.1.12 Product liability claims

The quality of our products is crucial to the success of our business. We are subject to the risk of product liability claims in the event that our products are found to be defective or do not meet the specifications of customers. We provide a defect product warranty period ranging from 12 to 18 months depending on our arrangements with certain customers. In the event of any defects in our products, we are required to repair or rectify any defects at our own costs. Further, in addition to exposure to product liability claims, major failures or malfunctions in our products may damage our reputation in the industry and erode our customers' confidence. This, in turn, may materially and adversely affect our financial condition and results of operations.

6.1.13 Adequacy of insurance coverage on assets

We are exposed to various operational risks such as accidents, outbreaks of fire or floods, energy crises or other natural calamities and workers' health which may cause loss of or damage to our inventories and/or significant damage to our manufacturing facility and office, thus disrupting and affecting our business operations. In mitigating such risk, our Group regularly reviews and ensures adequate insurance coverage for our assets, operations and workers. Nonetheless, our existing insurance coverage may be insufficient to cover all the risks associated with our business and operations, and as a result, we may be required to bear such losses, damages and liabilities out of our own funds, which could adversely affect our business, financial conditions and results of operations.

6.1.14 Political, economic and regulatory risk

Our assets and business operations are located in Malaysia. As such, the results of our operations, financial conditions and future prospects are significantly exposed to the economic, political and legal developments in Malaysia. In addition, our business is subject to risks associated with conducting business domestically and internationally as we sell our products in and purchase materials from both Malaysia and overseas markets. We are therefore susceptible to changes in legal, regulatory, political, trade and economic conditions in Malaysia as well as in countries where we have business dealings.

As such, our financial condition and results of operations could be affected by a variety of factors, including:-

- Political and economic instability, including global and regional macroeconomic disruptions, trade restrictions, natural calamities, epidemics or other such risks;
- Change in governments and the ensuing government policies especially relating to trade and business as well as foreign exchange policies;
- Trade protection measures/policies and import or export licensing requirements;
- Changes in taxation;
- Differences in legal systems and laws;
- Difficulties in enforcing contracts and collecting trade receivables as a result of physical distance and different legal rules; and
- Risks with respect to social unrests and political crises resulting from terrorism and war, amongst others.

6.2 RISKS RELATING TO OUR SHARES AND PROPOSED LISTING

6.2.1 There may not be an active or liquid market for our shares

The listing of and quotation for our Shares on the LEAP Market does not guarantee that an active market for the trading of our Shares will develop. Further, the participation in the LEAP Market is limited to mainly Sophisticated Investors, which in turn limits the potential liquidity level in the market. It may be more difficult for Sophisticated Investors to realise their investment on the LEAP Market.

The market price of our Shares may fluctuate as a result of variations in the liquidity of the market for our Shares, differences between our actual financial operating results and those expected by investors and analysts, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, many of the risks described elsewhere in this Information Memorandum could materially and adversely affect the market price of our Shares. As such, our Shares may trade at prices lower than the Issue Price.

6.2.2 Delay in or abortion of our Listing

The occurrence of any one or more of the following events, which are not exhaustive, may cause a delay in or cancellation of our Listing:-

(a) 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;

(b) the identified investors fail to subscribe for the portion of the Placement Shares intended to be placed out to them; or

(c) our Company is unable to meet the minimum public shareholding spread requirement of at least 10% of the issued capital of our Company at the point of our listing on the Official List of LEAP Market.

Although our Board will endeavour to ensure compliance of various requirements so as to facilitate the successful listing of our Company on the LEAP Market of Bursa Securities, the abovementioned factors may cause a delay in or non-implementation of our Listing.

In the event of a cancellation of our Proposed Listing, all monies will be repaid within 14 days from the date we notify Bursa Securities of our decision to abort our Proposed Listing. Should we fail to do so, in addition to our Company's liability, our Board shall be jointly and severally liable to repay such money with interest at the rate of 10% per annum or such other rate as Bursa Securities may prescribe.

In the event our Proposed Listing is aborted and/or terminated and our Shares have been allotted to the Sophisticated Investors, a return of monies to all of our shareholders can 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 way of special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya.

6.2.3 Influence by our Promoters

Upon Listing, our Promoters will collectively hold a total of approximately 86.57% of our enlarged issued share capital. Depending on how they choose to vote and due to their shareholdings, our Promoters will generally be expected to have significant influence on the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

Nevertheless, as a step towards good corporate governance, we have appointed an Independent Director to ensure that, inter-alia, all future transactions involving related parties are entered into on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders.

6.2.4 There may be a potential dilution of shareholders' equity interest

We may require additional funding for future growth. If we resort to external borrowings, it may result in restrictions imposed by additional debt funding such as, amongst others, maintenance of a certain level of current ratio, gearing ratio and/or dividend payouts. Our capital requirements are dependent on, amongst others, our business, the availability of our resources for attracting, maintaining and enlarging our client base and the need to maintain and expand our operations. Thus, we may need additional capital expenditure for mergers and acquisition or investments. Any issuance of shares or other securities to raise funds may dilute shareholders' equity interest and may, in a case of a rights issue, require additional investment by shareholders.

6.2.5 Payment of dividends to our shareholders

Our Company, being an investment holding company, derives its income mainly from dividends receivable from our subsidiaries. Hence, our ability to pay dividend is largely dependent on the performance of our subsidiaries. In determining the amount of any dividend recommendation, we will also take into consideration a number of factors including, but not limited to, our financial performance, cash flow requirements, covenants of existing/future bank borrowings, debt service requirements, financing commitments, availability of distributable reserves and future expansion plans. We may not be able to record profits or have sufficient funds above our funding requirements, other obligations and business plans to declare dividend to our shareholders in future.

6.3 OTHER RISK

6.3.1 Forward looking statements

Certain statements in this Information Memorandum are based on historical data which may not be reflective of our future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies. Although all forward-looking statements are based on estimates and assumptions which are believed to be reasonable at this time, such estimates and assumptions are subject to known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. In light of these uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by us or our advisers that the plans and objectives of our Group will be achieved.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

7.1.1 Shareholdings of Promoters and Substantial Shareholders

Our Promoters and substantial shareholders, and their respective shareholdings in our Company before and after the Proposed Listing are set out below:-

	[a] Before the Proposed Listing				[b] After the Proposed Listing			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters/Substantial shareholders								
MTDC	113,355,000	33.00	-	-	113,355,000	29.55	-	-
Goon Koon Yin	103,565,300	30.15	11,507,200	[c] 3.35	103,565,300	27.01	11,507,200	[c] 3.00
Wong Yih Hsow	103,565,300	30.15	-	-	103,565,300	27.01	-	-
Jennie Tan Yen-Li	11,507,200	3.35	-	-	11,507,200	3.00	-	-
Substantial shareholders								
Khazanah	-	-	113,355,000	[d] 33.00	-	-	113,355,000	[d] 29.55

Notes:-

(a) Based on our issued share capital of 343,500,000 Shares after the Acquisitions.

(b) Based on our enlarged issued share capital of 383,500,000 Shares after the Proposed Listing.

(c) Deemed interested by virtue of his spouse's interests in TTVHB pursuant to Section 8 of the Act.

(d) Deemed interested by virtue of its shareholdings in MTDC pursuant to Section 8 of the Act.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

7.1.2 Profiles of Promoters and Substantial Shareholders

The profiles of our Promoters are as follows:-

(a) **Goon Koon Yin,** a Malaysian, aged 49, is our Executive Chairman. He was appointed to our Board on 17 October 2018. He is responsible for our Group's corporate development, raising venture capital funds and grants, marketing and business development activities, talents development, industry-academia collaboration and R&D. He was instrumental in bringing venture capital investment from institutional investor in 2011 and in the same year, spearheaded R&D collaboration with Universiti Sains Malaysia for the development of infrared (IR) imaging and artificial intelligence (AI) software.

He obtained his Bachelor Degree in Electronics and Electrical Engineering from Universiti Sains Malaysia in 1994. He started his career in 1994 with Motorola Technologies Sdn Bhd ("**Motorola**") as a Staff Engineer and dealt mostly with advance manufacturing technologies. During his tenure with Motorola, he helped developed the robotics automation with its core specialisation in vision guided robotic pick and place system, metrology tool development, process characterization, pioneered feeder calibration system in surface mounted technology environment and published several portfolios in technical papers and patents. Several of his technical papers were selected for presentation and displayed in a number of technical symposiums and conventions locally and abroad. He left Motorola in August 2001.

Together with Wong Yih Hsow and Jennie Tan Yen-Li, they co-founded TT Vision in May 2001 and subsequently, TT Innovation in August 2006.

Goon has more than 20 years' experience in semiconductor, electronic manufacturing services, robotic and solar industry. He has vast knowledge in the areas of design and development of vision inspection algorithm, robotic system, artificial intelligence, machine software, motion control, calibration, metrology and automation system. He also has extensive experience in quality management systems and improvement techniques in failure modes and effects analysis (FMEA), measurement system analysis (MSA), design of experiment (DOE), 8 disciplines model (8D), gauge repeatability and reproducibility (GR&R) as well as lean six sigma and statistical process Control (SPC).

Goon represents TT Vision as a member of the Machinery and Equipment Manufacturers Association of Malaysia (MEMA) since 2013.

He currently sits on the board of a private limited company as disclosed in Section 7.4 below.

(b) **Wong Yih Hsow,** a Malaysian, aged 49, is our Chief Executive Officer and Executive Director. He was appointed to our Board on 17 October 2018. He is responsible for the overall operations, marketing and business development activities, technological enhancement and advancement of our Group.

He attended RMIT University, Melbourne, Australia from 1991 until 1993 and was studying Manufacturing Systems Engineering degree programme but did not complete the said course.

He started his career in 1994 with Robert Bosch Sdn Bhd ("**Robert Bosch**") 1996 as a Sourcing Engineer. During his tenure with Robert Bosch, his main duties involved leading the interface between suppliers and design team during product development and roll-out including design and technical collaboration at all stages of production. He was also responsible in the sourcing, monitoring and implementation of materials, supplies and services with key suppliers. In 1996, he joined Excel Electronics Sdn Bhd as a Branch Manager where he was responsible for building extensive customer base and managing a team of skilled staff by providing technical support of industrial laser marking solutions to the customers. He left the company in 1998 and co-founded MRT Asia Sdn Bhd with Jennie Tan Yen-Li where he was in-charge of providing industrial imaging components and solutions to multi-national corporations.

Together with Goon Koon Yin and Jennie Tan Yen-Li, they co-founded TT Vision in May 2001 and subsequently, TT Innovation in August 2006.

Wong has more than 20 years' experience in the semiconductor and optoelectronics/LED industry. He has vast knowledge in the areas of market assessment, design and development, production, planning, sales and customer service of vision inspection equipment which focuses on optoelectronics/LED and IC business segment. He charted the roadmap for the development of wire bond inspection of semiconductor and optoelectronics/LED devices of our Group since 2005. He also developed our Group's semiconductor and LED inspection machine business segment from standard to customised machines platform where it is scalable to support high transaction volumes with multiple concurrent users. In 2017, he led our team in applying for the patent for our 3D vision system with a plenotic camera for partially-textured or non-textured object surfaces and method thereof.

Wong is the husband of Jennie Tan Yen-Li. He currently sits on the board of several private limited companies as disclosed in Section 7.4 below.

(c) **Jennie Tan Yen-Li,** a Malaysian, aged 46, is our Executive Director. She was appointed to our Board on 17 October 2018. She is responsible for the overall administration, human resource, purchasing, shipping, internal control as well as information technology of our Group.

She graduated from Universiti Sains Malaysia in 1996 with Bachelor Degree in Mass Communication, majoring in management. She started her career in 1996 with MCSB Systems Sdn Bhd as an Accounts Development Executive and was promoted to Account Development Manager in 1997. She was mainly responsible for the implementation and monitoring of the overall budget, market research and positioning, marketing strategies, training of product awareness to the sales team as well as dealing with the media and analysts. In November 1997, she joined Golden Frontier Berhad as the Business Development Manager where she was in-charge of the business development activities, project management and development while working closely with the company's customers in meeting customised packaging for their branding development. She left Golden Frontier Berhad in 1998 and co-founded MRT Asia Sdn Bhd with Wong Yih Hsow, where she was responsible for the overall administration, human resource, purchasing and sales operation of the company.

She co-founded TT Vision in May 2001 and TT Innovation in August 2006 with Goon Koon Yin and Wong Yih Hsow. She led our Group in obtaining the MSC status in August 2004 and the ISO 9000:2008 certification in July 2009.

Jennie is the wife of Wong Yih Hsow. She currently sits on the board of several private limited companies as disclosed in Section 7.4 below.

(d) **MTDC**

MTDC was incorporated in Malaysia under the Companies Act, 1965 on 10 March 1992 to promote the adoption of technologies by local companies via commercialisation activities of local inventions or acquisition of foreign technologies.

MTDC is principally engaged in venture capital activities, management of government grants, technology incubation management and technology support services. MTDC has been the key player in commercialisation and managing of Government funds since the 7th Malaysia Plan and it also has a well-established reputation as the key player in Malaysia in the promotion of technology-based companies.

MTDC is a wholly-owned subsidiary of Khazanah, a strategic investment fund of the Government of Malaysia.

As at the LPD, the issued share capital of MTDC is RM116,153,866 comprising 92,623,063 ordinary shares and 23,530,803 preference shares.

As at the LPD, the directors of MTDC are as follows:-

- Tan Sri Abd Rahman Bin Mamat
- Datuk Seri Dr. Mohd Azhar Bin Yahaya
- Datuk Khoo Boo Seng
- Amirul Fares Bin Wan Zahir
- Christina Foo
- Faizal Bin Mohd Yusof
- Dato' Norhalim Bin Yunus
- Datuk Kua Abun (Alternate Director to Datuk Seri Dr. Mohd Azhar Bin Yahaya)

Khazanah

Khazanah was incorporated under the Companies Act, 1965 on 3 September 1993 as a public limited company and began operations a year later.

Khazanah is the strategic investment fund of the Government of Malaysia entrusted to hold and manage the commercial assets of the Government of Malaysia and to undertake strategic investments on behalf of the nation.

As at the LPD, save for the 1 share owned by Federal Land Commissioner Incorporated, 99.98% of the share capital of Khazanah is held by the Ministry of Finance, Malaysia whilst the remaining 0.02% is held by GOVCO Holdings Berhad.

As at the LPD, the directors of Khazanah are as follows:-

- Tun Dr. Mahathir Bin Mohamad
- Dato' Seri Mohamed Azmin Bin Ali
- Tan Sri Mohd Hassan Bin Marican
- Goh Ching Yin
- Dr. Sukudhew Singh
- Datuk Shahril Ridza Bin Ridzuan

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7.2 DIRECTORS

7.2.1 Shareholdings of Directors

Our Directors and their respective shareholdings in our Company before and after the Proposed Listing are set out below:-

	[a] Before the Proposed Listing				[b] After the Proposed Listing			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Goon Koon Yin	103,565,300	30.15	11,507,200	[c] 3.35	103,565,300	27.01	11,507,200	[c] 3.00
Wong Yih Hsow	103,565,300	30.15	-	-	103,565,300	27.01	-	-
Jennie Tan Yen-Li	11,507,200	3.35	-	-	11,507,200	3.00	-	-
Mohd Jerry Tan Bin Mohd Safi	-	-	-	-	-	-	-	-
Nadiah Wong Binti Abdullah	-	-	-	-	-	-	-	-

Notes:-

(a) Based on our issued share capital of 383,500,000 Shares after the Acquisitions.

(b) Based on our enlarged issued share capital of 383,500,000 Shares after the Proposed Listing.

(c) Deemed interested by virtue of his spouse's interests in TTVHB pursuant to Section 8 of the Act.

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7.2.2 Profiles of Directors

The profiles of our Directors, Goon Koon Yin, Wong Yih Hsow and Jennie Tan Yen-Li who are also our Promoters and substantial shareholders have been disclosed in Section 7.1.2 of this Information Memorandum. The profiles of our other Directors are as follows:-

(a) **Mohd Jerry Tan Bin Mohd Safi,** a Malaysian, aged 38, is our Non-Independent Non-Executive Director and was appointed to our Board on 17 October 2018.

He graduated from UiTM with a Diploma in Investment Analysis and Bachelor of Business Administration, Finance (Hons) in 2005 and 2007 respectively.

He started his career in January 2008 as a Global Transaction Executive at HSBC Electronic Data Processing (Malaysia) Sdn Bhd (also known as HSBC Securities UK Transaction). In April 2009, he joined Kumpulan Modal Perdana Sdn Bhd as Senior Investment Analyst where he was mainly responsible for fund management. In December 2013, he joined MTDC as a Vice President, a position he held until now. He is mainly responsible for the fund management for MTDC.

He also sits on the board of a private company as a nominee director for MTDC as disclosed in Section 7.4 of this Information Memorandum.

(b) **Nadiah Wong Binti Abdullah,** a Malaysian, aged 48, is our Independent Non-Executive Director and was appointed to our Board on 17 October 2018.

She graduated in 1992 with a Bachelor of Laws (Hons.) from University of London, UK and obtained the Certificate of Legal Practice in 1993. She was admitted as an Advocate and Solicitor of the High Court of Malaya in 1994.

She has over 23 years of legal practice. She joined Murad & Foo in 1998 as a Legal Assistant and became a partner in 2002, a position she still holds to-date. Prior to joining Murad & Foo, she practiced as a Legal Assistant in a law firm in Kuala Lumpur from 1994 to 1998.

She also sits on a private company as disclosed in Section 7.4 of this Information Memorandum.

7.2.3 Directors' Remuneration and Benefits

The aggregate remuneration including salaries, fees, allowances and other benefits paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYE 2017 and FYE 2018 are set out below in bands of RM50,000:-

	For FYE 2017		Proposed for FYE 2018	
Remuneration Band	Executive	Non-Executive	Executive	Non-Executive
Less than RM50,000	-	1	-	2
RM50,001 – RM100,000	-	-	-	-
RM100,001 – RM150,000	-	-	-	-
RM150,000 – RM200,000	1	-	1	-
RM200,001 – RM250,000	-	-	-	-
RM300,001 – RM350,000	-	-	-	-
RM400,001 – RM450,000	2	-	2	-

7.3 KEY MANAGEMENT PERSONNEL

7.3.1 Shareholdings of the Key Management Personnel

Our key management personnel are as follows:-

Key Management Personnel	Designation
Teresa Tan Siew Kuan	CFO
Lim Theng Eng	Senior Manager, Corporate Development
Loo Soon Kau	Senior Engineering Manager
Ooi Cowei	R&D Manager
Yii Veng Cheong	Business Development Manager

None of our key management personnel hold any Shares in our Company.

7.3.2 Profiles of the Key Management Personnel

The profiles of our key management personnel are as follows:-

(a) **Teresa Tan Siew Kuan,** a Malaysian, aged 49, is our CFO. She graduated in 1992 with a Bachelor of Economics from the University of Adelaide, Australia. She is a member of Certified Practising Accountant (Australia) and Malaysian Institute of Accountants.

She started her career in 1992 at Deloitte Kassim Chan as an Audit Assistant. In 1993, she left and joined Coopers & Lybrand as Semi Senior. In 1995, she left and joined MIMB Investment Bank Berhad holding her final post of Assistant Vice President, Corporate Finance and Acting Branch Manager in June 2004. She then joined K&N Kenanga Berhad in July 2004 as Senior Manager, Corporate Finance where she was mainly involved in providing corporate advisory services to corporate/institutional clients and public listed companies. In 2008, she joined KDU College, Penang as a Lecturer and was mainly lecturing in accounting and auditing subjects of the Australian twinning programmes. In 2010, she rejoined Kenanga Investment Bank Berhad as Senior Manager for the investment banking division where she was responsible in marketing the group's products and services. In 2014, she was transferred to Kenanga Investors Berhad, Penang as the Branch Manager and Business Development Manager, responsible for the marketing and distribution of products and services to the retail market segment and the financial, operational and administrative matters of the Penang branch.

She joined our Group in November 2017 as the CFO. She is responsible for the overall finance and accounts of our Group.

(b) **Lim Theng Eng,** a Malaysian, aged 52, is our Senior Manager, Corporate Development. He graduated with a Bachelor of Commerce Degree from the University of Western Australia in 1988.

He started his career in April 1989 with Coopers & Lybrand as a Semi Senior in the Corporate Care and Insolvency Services Department where he was involved in receivership and financial management assignments. He left and joined Arthur Young in November 1989 as a Consultant. In January 1990, he joined The Temerloh Rubber Estates Berhad as Executive Officer, Corporate Development where he was involved in mergers and acquisitions, mezzanine financing and investment monitoring. In September 1990, he left and joined Kassim Chan Management Consultants Sdn Bhd as a Management Consultant where he was involved in multiple consultancy assignments. He left and joined Leader Universal Holdings Berhad in November 1993 as Assistant Manager, Local Investment where he was responsible in managing corporate development activities involving mergers and acquisitions, corporate finance and strategic management exercises.

He left and joined Hwang-DBS Securities Berhad in May 1997 as Assistant Vice President, Corporate Finance where he was responsible in undertaking corporate finance assignments and fund raising for technology companies. In May 2000, he left and joined Inflow Capital Management Sdn Bhd, a company providing management consulting services, as a Director. In July 2002, he became one of the founding partners of Photonics Venture Capital Sdn Bhd, an outsourced venture capital fund management company of Malaysia Venture Capital Management Bhd. His responsibilities include fund raising and administration, sourcing of investment opportunities, investment execution and post investment management. Upon the expiry of the fund charter in 2012, he became involved as consultant for various technology start-ups and companies, utilising his vast experience in venture capital investments and corporate development.

He joined our Group in October 2017 as Senior Manager, Corporate Development. He is responsible for the corporate development, mergers and acquisitions, and fund raising activities of the Group.

(c) **Loo Soon Kau,** a Malaysian, aged 41, is our Senior Engineering Manager. He graduated in 2000 from Universiti Kebangsaan Malaysia with a Bachelor of Science Degree in Mechanical and Material Engineering. He obtained his Master of Science Degree in Precision Engineering in 2006 from Nanyang Technological University, Singapore.

He started his career in March 2000 with Kenwood Electronics Technologies (M) Sdn Bhd as a Mechanical Design Engineer where he was involved in designing and developing audio and visual consumer products. He left and joined Advanced Systems Automation Limited in October 2000 as Mechanical Design Engineer where he was responsible in designing and developing machineries. In 2002, he joined Siemens Pte Ltd as Senior Mechanical Engineer and has successfully designed and developed several machines and filed patents on flexible printed circuit board support for the company. Subsequently in January 2007, he was appointed as R&D Project Manager at Siemens Pte Ltd where he was involved in project management and the management of a global sustaining group for a series of standard surface mount technologies equipment. He left and joined TT Vision in 2009 as Specialist Group Manager. His responsibilities include managing a team of R&D engineers in developing the Group's future product lines. He was promoted to his current position as Senior Engineering Manager in 2016 where his main responsibilities include the management of engineering developments covering the disciplines of mechanics, electrics, control and software, vision, production, service and project management.

He has over 18 years of experience in design, manufacturing and sustaining of equipment for the semiconductor, printed circuit board, solar and LED industries, precision and high-speed machines, product lifecycle and sustenance, project management, six sigma, lean manufacturing, team development as well as in coaching and mentoring.

(d) **Ooi Cowei,** a Malaysian, aged 41, is our R&D Manager. He graduated from Universiti Technologi Petronas in 2002 with a Bachelor of Science Honours Degree in Mechanical Engineering.

He started his career in 2002 with TT Vision as an Application Engineer where he was involved in software development for vision and automation control applications and vision optics design. In 2010, he was promoted to Project Manager and was involved in project management, managing the engineers, meeting cost and customer delivery schedule. He was also involved in the Group's sales and marketing activities which involved attending to customer enquiries, providing technical proposals, preparing the marketing materials, participating in exhibitions, promoting the Group's products and expanding the customer base.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

In 2016, he was promoted to Business Development Manager where he was in charge of identifying new market opportunities, securing new business opportunities, negotiating contracts and coordinating resources as well as benchmarking on technologies and competitors. He was also involved in our Group's exhibitions and technical conferences and actively promoting our products whilst broadening our customer base. He was re-designated as R&D Manager in June 2018 and is responsible for the R&D of our products capabilities and performance, benchmarking on technologies as well as setting-up of a systematic test and qualifying procedures.

(e) **Yii Veng Cheong,** a Malaysian, aged 36, is our Business Development Manager. He graduated in 2007 from Universiti Malaysia Pahang with a Bachelor of Electrical Engineering (Electronics).

He started his career with TT Vision in 2007 as Application Engineer where he was mainly involved in the field of machine vision technologies. He also provided support and advice to customers on machine vision requirements and issues. His specialisation in machine vision has helped him to develop several advanced vision software tools. His other responsibilities include customer product evaluation and involvement with the R&D team. He was promoted to Product Manager of the IC division in February 2012 where his main responsibilities include the management of a team of engineers to ensure all the projects were carried out smoothly and timely and also in product development to meet market standard and requirements. He was promoted to his current position as Business Development Manager in January 2015 where his main responsibilities include overseeing business development, sales and marketing activities for local and overseas market of the Group.

Our key management personnel do not have any other principal directorship held or principal business activities performed by them in other corporations outside our Group within the past three (3) years up to the LPD.

7.4 PRINCIPAL DIRECTORSHIPS HELD AND/OR BUSINESS ACTIVITIES PERFORMED IN OTHER CORPORATIONS BY OUR DIRECTORS AND KEY MANAGEMENT PERSONNEL

Save as disclosed below, our Directors and key management personnel do not have any other principal directorship held or principal business activities performed by them in other corporations outside our Group within the past three (3) years up to the LPD:-

(a) Goon Koon Yin

Company	Principal activity	Position	Date of appointment/ (resignation)	Equity interest held (%)
Machine Vision Robotics Sdn Bhd	Dormant	Director/ Shareholder	23.07.2014/ -	25.00

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

(b) Wong Yih Hsow

Company	Principal activity	Position	Date of appointment/ (resignation)	Equity interest held (%)
Machine Vision Robotics Sdn Bhd	Dormant	Director/ Shareholder	23.07.2014/ -	25.00
MRT Asia Sdn Bhd	Dealers of electronics components (Temporary ceased operation)	Director/ Shareholder	11.06.1998/ -	70.00

(c) Jennie Tan Yen-Li

Company	Principal activity	Position	Date of appointment/ (resignation)	Equity interest held (%)
Machine Vision Robotics Sdn Bhd	Dormant	Director/ Shareholder	23.07.2014/ -	25.00
MRT Asia Sdn Bhd	Dealers of electronics components (Temporary ceased operation)	Director/ Shareholder	11.06.1998/ -	30.00

(d) Mohd Jerry Tan Bin Mohd Safi

Company	Principal activity	Position	Date of appointment/ (resignation)	Equity interest held (%)
Sophic Automation Sdn Bhd	Engaged in smart automation solution and services for production process, data and training services	Director	07.09.2017/ -	-

(e) Nadiah Wong Binti Abdullah

Company	Principal activity	Position	Date of appointment/ (resignation)	Equity interest held (%)
Sistem Selera Sdn Bhd	Food retailing	Director/ Shareholder	06.08.2004/ -	30.00

Our Directors' current principal directorships and principal business activities performed outside our Group will not give rise to a conflict of interest with our Group in view that none of those companies in which they have involvements carry on similar principal activities as our Group, or are the customers or suppliers of our Group.

Our Executive Directors are of the view that their involvements in other business activities outside our Group are minimal as they are not involved in the day-to-day operations and management of the said companies.

8. FINANCIAL INFORMATION

8.1 HISTORICAL FINANCIAL INFORMATION

8.1.1 Combined Statements of Profit or Loss

The following table sets out a summary of the audited combined statements of profit or loss for the FYE 2016, FYE 2017 and FPE 2018 as well as unaudited combined statements of profit or loss for the FPE 2017 and should be read in conjunction with the management's discussion and analysis of financial condition and results of operation in Section 8.2 of this Information Memorandum:-

	Audited		Unaudited	Audited
	FYE 2016 (RM'000)	FYE 2017 (RM'000)	FPE 2017 (RM'000)	FPE 2018 (RM'000)
Revenue	23,935	30,676	14,013	17,566
Cost of sales	(13,670)	(19,121)	(9,071)	(10,505)
GP	10,265	11,555	4,942	7,061
Other income	1,126	1,804	549	1,805
Distribution expenses	(185)	(367)	(139)	(330)
Administrative expenses	(4,481)	(5,264)	(2,801)	(3,197)
R&D expenses	(1,216)	(367)	(153)	(348)
Other operating expenses	(128)	(1,377)	-	-
Operating profit	5,381	5,984	2,398	4,991
Finance costs	(615)	(328)	(222)	(451)
Share of results of an associate, net of tax	147	107	73	-
PBT	4,913	5,763	2,249	4,540
Income tax expense	(646)	(916)	(767)	(262)
Profit for the financial years/periods	4,267	4,847	1,482	4,278
EBITDA (1)	6,856	7,792	3,291	5,982
GP margin (%)	42.89	37.67	35.27	40.20
PBT margin (%)	20.53	18.79	16.05	25.85
PAT margin (%)	17.83	15.80	10.58	24.35
Number of Shares assumed in issue ('000)(2)	383,500	383,500	383,500	383,500
Basic EPS (sen) (3)	1.11	1.26	0.39	1.12
Diluted EPS (sen) (4)	1.11	1.26	0.39	1.12

Notes:-

(1) The table below sets forth a reconciliation of our PBT to EBITDA:-

	FYE 2016 (RM'000)	FYE 2017 (RM'000)	FPE 2017 (RM'000)	FPE 2018 (RM'000)
PBT	**4,913**	**5,763**	**2,249**	**4,540**
Adjusted for:-				
Finance costs	615	328	222	451
Interest income	(17)	(82)	(32)	(21)
Depreciation	832	1,179	586	605
Amortisation	513	604	266	407
EBITDA	**6,856**	**7,792**	**3,291**	**5,982**

Our EBITDA presented in this Information Memorandum is a supplemental measure of our performance and liquidity and is not required by, or presented in accordance with, the Malaysian Financial Reporting Standards and should not be considered as an alternative to PAT, operating or any other performance measures derived in accordance with the Malaysian Financial Reporting Standards or as an alternative to our cash flows or as a measure of our liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such a term may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure. We believe that the presentation of EBITDA facilitates the operating performance comparisons from period to period and from company to company by eliminating potential differences caused by variations in capital structures (affecting finance costs and interest income), tax position (such as the impact of changes in effective tax rates or net operating losses) and the age and book depreciation/amortisation of tangible/intangible assets (affecting relative depreciation/amortisation expenses).

(2) Assumed number of ordinary shares in issue immediately after the Proposed Listing.

(3) Calculated based on PAT divided by the enlarged number of 383,500,000 Shares in issue after the Proposed Listing.

(4) The diluted EPS is equal to the basic EPS as there were no potential dilutive ordinary shares outstanding at the end of the financial year/period.

(5) There was no non-controlling interest for the Financial Periods Under Review.

8.1.2 Combined Statements of Cash Flows

The following table sets out a summary of the audited combined statements of cash flows for the FYE 2016, FYE 2017 and FPE 2018, as well as unaudited combined statements of cash flows for FPE 2017 and should be read in conjunction with the management discussion and analysis of financial condition and results of operation in Section 8.2 of this Information Memorandum:-

	Audited		**Unaudited**	**Audited**
	FYE 2016 (RM'000)	**FYE 2017 (RM'000)**	**FPE 2017 (RM'000)**	**FPE 2018 (RM'000)**
Cash flows from operating activities				
PBT	4,913	5,763	2,249	4,540
Adjustments for:-				
Amortisation and depreciation of investment property	10	11	5	5
Amortisation and depreciation of property, plant and equipment	1,086	1,433	713	733
Amortisation of deferred income	(71)	(242)	(95)	(150)
Grant income	(1,100)	(1,816)	-	-
Amortisation of intangible assets	249	339	134	274
Bad debts written off	128	-	-	-
Gain on disposal of property, plant and equipment	(2)	-	-	-
Gain on disposal of investment property	-	-	-	(1,559)
Interest expense	615	328	222	451
Interest income	(17)	(82)	(32)	(21)
Net unrealised foreign exchange (gain) / loss	(368)	153	42	(35)
Share of results of an associate	(147)	(107)	(73)	-
Loss on disposal of an associate	-	1,350	-	-
Operating profit before changes in working capital	**5,296**	**7,130**	**3,165**	**4,238**

8. FINANCIAL INFORMATION *(cont'd)*

	Audited		Unaudited	Audited
	FYE 2016 (RM'000)	FYE 2017 (RM'000)	FPE 2017 (RM'000)	FPE 2018 (RM'000)
Changes in working capital:				
Inventories	(260)	(1,308)	823	(162)
Receivables	4,543	(3,965)	1,259	3,369
Payables	(9,159)	3,100	(2,021)	(5,816)
Cash generated from operations	420	4,957	3,226	1,629
Income tax (paid) / refunded	(1,344)	139	912	(877)
Interests paid	(118)	-	(50)	-
Interests received	17	82	32	21
Net cash (used in)/from operating activities	(1,025)	5,178	4,120	773
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,973)	(111)	(31)	(226)
Proceeds from disposal of property, plant and equipment	4	-	-	-
Proceeds from disposal of associate	-	400	-	-
Grants received	1,625	2,792	742	-
Additions of intangible assets	(1,200)	(1,561)	(761)	(706)
Net cash (used in)/from investing activities	(1,544)	1,520	(50)	(932)
Cash flows from financing activities				
Net change in amount due from directors	9	-	-	-
Net change in amount due from an associate	415	-	-	-
Net change in amount due from a related company	(41)	-	-	-
Repayment of bankers' acceptances	(550)	-	-	-
Repayment of finance lease liabilities	(76)	(79)	(39)	(41)
Repayment of term loans	(448)	(220)	(113)	(117)
Interests paid	(80)	(52)	(34)	(28)
Net cash used in financing activities	(771)	(351)	(186)	(186)
Net increase/(decrease) in cash and cash equivalents	(3,340)	6,347	3,884	(345)
Cash and cash equivalents at the beginning of the financial years/periods	**4,854**	**1,555**	**1,555**	**7,893**
Effects of exchange rate changes on cash and cash equivalents	41	(9)	-	24
Cash and cash equivalents at the end of the financial years/periods	**1,555**	**7,893**	**5,439**	**7,572**

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8.1.3 Proforma Consolidated Statements of Financial Position

The following table sets out a summary of the proforma consolidated statements of financial position of our Group to show the pro forma effects of the Proposed Placement and utilisation of proceeds:-

	Audited as at 30 June 2018 (RM'000)	Proforma I After RCCPS Conversion and Acquisitions (RM'000)	Proforma II After Proforma I and Proposed Placement (RM'000)	Proforma III After Proforma II and Utilisation of Proceeds (RM'000)
ASSETS				
Non-current assets				
Property, plant and equipment	-	23,726	23,726	34,526
Intangible assets	-	2,753	2,753	2,753
Total non-current assets	**-**	**26,479**	**26,479**	**37,279**
Current assets				
Inventories	-	7,080	7,080	7,080
Trade and other receivables	-	12,215	12,215	12,215
Cash and short-term deposits	[(a)]	7,572	14,772	9,189
Total current assets	**-**	**26,867**	**34,067**	**28,484**
TOTAL ASSETS	**-**	**53,346**	**60,546**	**65,763**
EQUITIES AND LIABILITIES				
Equity attributable to the owners of TTVHB				
Share capital	[(a)]	34,400	41,600	41,474
Revaluation reserve	-	12,461	12,461	12,461
(Current financial period loss)/ Retained earnings	(4)	17,956	17,956	17,499
Merger deficit	-	(22,972)	(22,972)	(22,972)
TOTAL EQUITY	**(4)**	**41,845**	**49,045**	**48,462**
Non-current liabilities				
Loans and borrowings	-	713	713	6,513
Deferred income	-	1,065	1,065	1,065
Deferred tax liabilities	-	4,490	4,490	4,490
Total non-current liabilities	**-**	**6,268**	**6,268**	**12,068**
Current liabilities				
Loans and borrowings	-	338	338	338
Current tax liabilities	-	412	412	412
Trade and other payables	4	4,483	4,483	4,483
Total current liabilities	**4**	**5,233**	**5,233**	**5,233**
TOTAL LIABILITIES	**4**	**11,501**	**11,501**	**17,301**
TOTAL EQUITY AND LIABILITIES	**4**	**53,346**	**60,546**	**65,763**
Number of Shares in issue ('000)	[(b)]	343,500	383,500	383,500
NA (RM'000)	[(a)]	41,845	49,045	48,462
NA per Shares (RM)	1	0.12	0.13	0.13

Notes:-

(a) The cash and short-term deposits, share capital and NA are equal to RM100.

(b) The number of ordinary shares assumed to be in issue is equal to 100.

Selected financial information for FYE 2016, FYE 2017 and FPE 2018 are as follows:-

	Audited		
	FYE 2016 (RM'000)	FYE 2017 (RM'000)	FPE 2018 (RM'000)
Total non-current assets	25,315	23,561	26,479
Total current assets	18,251	28,086	26,867
Total assets	43,566	51,647	53,346
Total non-current liabilities	15,506	16,005	16,966
Total current liabilities	8,825	11,560	5,234
Total liabilities	24,331	27,565	22,200
NA	19,235	24,082	31,146
Issued share capital	400	400	400
Retained earnings	8,831	13,678	17,956

8.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our past financial condition, results of operations and prospects as set out in this section for FYE 2016, FYE 2017, FPE 2017 and FPE 2018 are based on, and should be read in conjunction with our audited combined financial statements for FYE 2016, FYE 2017 and FPE 2018 (as set out in Appendix I of this Information Memorandum) as well as unaudited combined financial statements for FPE 2017.

This discussion and analysis contain data derived from our combined financial statements of financial position as well as forward-looking statements that reflect our views with respect to future events and our future financial performance. Our Group's actual results may differ materially from those anticipated in these forward-looking statements. Factors that may cause future results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Information Memorandum, particularly the risk factors as set out in Section 6 of this Information Memorandum.

8.2.1 Overview of Our Operations

We are a manufacturer of machine vision equipment incorporating inspection, testing, sorting and robotics functions. Our equipment, which is equipped with our vision inspection module, is primarily used for the inspection of optoelectronics, solar wafer and cells, discrete components and ICs as well as vision guided robotic equipment. Our business activities cover equipment design, software development, manufacture and installation supported by our in-house R&D. We also provide other related products and services including upgrading of machines, sales of spare parts, repair and maintenance of machines, manufacture of other industrial automated equipment, sales of software, training as well as rental of equipment.

Our range of machine vision equipment includes optoelectronics inspection equipment, solar cell inspection and sorting equipment, discrete component and IC inspection equipment, as well as vision guided robotic equipment. We also sell our vision inspection module, a key component of the machine vision equipment, as a standalone unit to customers. All our equipment has our vision inspection module which consists of camera and related hardware as well as software to provide vision inspection capabilities. Our range of equipment is either integrated into our customers' existing production lines or is used as standalone equipment to carry out one or more specific functions.

Please refer to Section 4 of this Information Memorandum for further details of our Group's business activities and products.

8.2.2 Revenue

Our revenue is derived mainly from the manufacture of machine vision equipment which accounted for more than 90% of our total revenue during the Financial Periods Under Review whilst the balance is contributed from the provision of other related products and services.

The revenue recognition for our products and services is as follows:-

(a) **Machine vision equipment**: Revenue from machine vision equipment is recognised based on the sales of goods when significant risk and rewards of ownership have been transferred to the customers.

(b) **Other related products and services**: Revenue from the supply of spare parts and sales of software are recognised based on the sales of goods when significant risk and rewards of ownership have been transferred to the customers. Revenue from provision of upgrading and maintenance services, and training are recognised upon services rendered. Revenue from rental of equipment is recognised based on a straight-line basis over the term of the lease.

Analysis of revenue by business activities and products

The table below shows the breakdown of total revenue by business activities and products:

	Audited				Unaudited		Audited	
	FYE 2016		FYE 2017		FPE 2017		FPE 2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacture of machine vision equipment								
• Optoelectronics inspection equipment	5,768	24.10	14,385	46.89	4,774	34.07	3,378	19.23
• Solar inspection and sorting equipment	11,699	48.88	9,940	32.41	6,946	49.56	5,250	29.89
• Discrete component and IC inspection equipment	4,122	17.22	3,423	11.16	1,820	12.99	8,290	47.19
• Vision guided robotic equipment	-	-	1,179	3.84	-	-	-	-
	21,589	**90.20**	**28,927**	**94.30**	**13,540**	**96.62**	**16,918**	**96.31**
Other related products and services	**2,346**	**9.80**	**1,749**	**5.70**	**473**	**3.38**	**648**	**3.69**
Total revenue	**23,935**	**100.00**	**30,676**	**100.00**	**14,013**	**100.00**	**17,566**	**100.00**

FYE 2017 compared to FYE 2016

Our total revenue in FYE 2017 increased by 28.16% or RM6.74 million, which was mainly contributed by an increase in sales of optoelectronics inspection equipment.

Manufacture of Machine Vision Equipment

For FYE 2017, revenue from manufacture of machine vision equipment segment increased by 33.99% or RM7.34 million, which was mainly due to the increase in sales of optoelectronics inspection equipment particularly AOI equipment by 149.39% or RM8.62 million as well as sales from the commercialisation of new products, namely, vision guided robotic equipment, solar cell inspection and sorting equipment for the manufacturing of Si-HJT solar cells and 3D vision inspection module for customers in the semiconductor industry.

The increase in revenue was partially offset by a decrease in the sales of solar inspection and sorting equipment by 15.04% or RM1.76 million largely due to a reduction in sales of solar cell inspection and sorting equipment for IBC solar cell to a Philippines customer. Meanwhile, the sales of our discrete component and IC inspection equipment also decreased by 16.96% or RM0.70 million. This was mainly attributed to a decrease in sales orders for post taping vision inspection equipment for semiconductor applications.

Other Related Products and Services

For FYE 2017, revenue from other related products and services decreased by 25.45% or RM0.60 million. This was mainly due to a decrease in sales of software products and termination of rental income for the leasing of our solar wafer inspection and sorting equipment.

Geographical Markets

In terms of geographical markets, the growth of our total revenue was mainly driven by a sharp increase in sales derived from Malaysia by 76.52% or RM6.04 million in FYE 2017. Revenue from foreign countries increased marginally by 4.35% or RM0.70 million in the same year with higher sales contribution from Hong Kong and China by 237.42% and 115.35% respectively whilst the Philippines' contribution has decreased by 51.13% or RM5.47 million.

FPE 2018 compared to FPE 2017

Our total revenue for FPE 2018 increased by 25.36% or RM3.55 million largely due to the increase in sales of discrete component and IC inspection equipment.

Manufacture of Machine Vision Equipment

For FPE 2018, revenue from manufacture of machine vision equipment grew by 24.95% or RM3.38 million largely due to the increase in sales of discrete component and IC inspection equipment by 355.49% or RM6.47 million. This was mainly due to increase in sales of our existing AOI equipment models as well as sales of upgraded wire bond AOI equipment with 3D measurement technology and enhanced package AOI equipment with six-sided surface, both of which were commercialised in 2018.

The increase in revenue was partially offset by the decrease in revenue from optoelectronics inspection equipment by 29.24% mainly due to lower sales order for certain AOI equipment range under the said sub-segment. Furthermore, solar inspection and sorting equipment sales also decreased by 24.41% as there were no sales order for solar inspection and sorting equipment for conventional solar cell and lower sales of vision inspection modules. Nevertheless, revenue from this product segment was partly compensated by the slight increase in revenue from solar cell inspection and sorting equipment for IBC solar cell.

Other Related Products and Services

For FPE 2018, revenue from other related products and services increased by 37% or RM0.18 million. This was mainly due to an increase in sales of spare parts as well as upgrade of machines.

Geographical Markets

Our revenue growth in FPE 2018 was contributed by sales to Malaysian-based customers which increased by 106.34% or RM5.02 million. On the other hand, revenue from foreign countries recorded a decrease of 15.76% or RM1.47 million in FPE 2018 although the said decrease was partly compensated with sales to new customers in South Korea, Hong Kong and Japan.

Please refer to Section 4.3 of this Information Memorandum for breakdown of our Group's revenue by geographical markets for the Financial Periods Under Review.

8.2.3 Cost of Sales

The table below provides a breakdown of our cost of sales:-

Cost of Sales	Audited				Unaudited		Audited	
	FYE 2016		FYE 2017		FPE 2017		FPE 2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Materials cost	8,957	65.52	13,422	70.20	5,994	66.08	6,149	58.54
Direct labour cost	2,977	21.78	3,688	19.29	1,836	20.24	2,325	22.13
Subcontractor cost	1,392	10.18	1,425	7.45	837	9.23	1,596	15.19
Factory overheads	344	2.52	586	3.06	404	4.45	435	4.14
Total	**13,670**	**100.00**	**19,121**	**100.00**	**9,071**	**100.00**	**10,505**	**100.00**

(a) Materials Cost

Material costs, which constitute the largest component of the cost of sales, include mechanical parts such as fabricated metal parts, robotic arms, motion guide and machine cover, cameras, lenses, and light source, electrical parts, computer hardware, pneumatic parts, solar testing and measurement hardware, as well as other materials. For FYE 2016, FYE 2017, FPE 2017 and FPE 2018, material costs accounted for 65.52%, 70.20%, 66.08% and 58.54% of total cost of sales respectively.

For FYE 2017, in tandem with the increase in total Group revenue, cost of sales for materials increased by 49.85% or RM4.47 million mainly due to the increase in purchases of mechanical parts such as fabrication parts, machine structures and covers, and motion control parts, as well as camera, lenses and light sources for the manufacturing of AOI equipment which was consistent with the higher sales contribution from AOI equipment in that year.

For FPE 2018, materials costs increased marginally by 2.59% or RM0.16 million largely due to the increase in purchases of mechanical parts, camera, optics and lenses, as well as solar testing and measurement equipment. This is consistent with the increase in sales of discrete component and IC inspection equipment, as well as sales of solar inspection and sorting equipment for IBC solar cell.

(b) Direct labour cost

Direct labour costs included staff costs for our operations at our headquarters in Penang and comprised salaries, bonus and allowances, contributions to defined contribution plans, and social security contributions. Our direct labour costs increased by 23.88% or RM0.71 million in FYE 2017 mainly due to the increase in headcount with additional 22 employees employed in the same year.

For FPE 2018, direct labour costs grew further by 26.63% or RM0.49 million mainly attributed to an increase in salaries and related costs as we had hired additional 9 employees in that period.

(c) Subcontractor cost

We engage subcontractors to perform the following services:-

- Software development and mechanical design services;
- Fabrication and mechanical services such as parts modification;
- Mechanical assembly services; and
- Electrical wiring.

For FYE 2017, subcontractor costs increased marginally by 2.37% or approximately RM0.03 million mainly due to a slight increase in subcontracted software development service including software programming in motion control, dashboard management and reporting.

For FPE 2018, subcontractor cost increased by 90.68% or RM0.76 million largely due to the significant increase in subcontracted software development services, electrical works and modification works for equipment sold to overseas customers.

(d) Factory overheads

Factory overheads mainly comprised freight charges, custom duties, packing charges, insurance cost and consumables.

For FYE 2017, factory overheads increased by 70.35% or RM0.24 million. This was mainly due to increase in freight charges, custom duties and packing charges which was consistent with the increased sales to Hong Kong and China in the same year.

For FPE 2018, factory overheads increased by 7.67% or approximately RM0.03 million which were mainly due to increased packing charges.

8.2.4 GP and GP Margin

The GP is derived from our total Group's revenue less cost of sales meanwhile GP margin is derived by dividing GP with revenue.

The breakdown of total GP and GP margin by business activities and products is as below:-

GP	Audited				Unaudited		Audited	
	FYE 2016		FYE 2017		FPE 2017		FPE 2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacture of machine vision equipment	8,687	84.63	10,723	92.80	4,714	95.39	6,748	95.57
Other related products and services	1,578	15.37	832	7.20	228	4.61	313	4.43
Total GP	**10,265**	**100.00**	**11,555**	**100.00**	**4,942**	**100.00**	**7,061**	**100.00**

GP Margin	Audited		Unaudited	Audited
	FYE 2016	FYE 2017	FPE 2017	FPE 2018
Manufacture of machine vision equipment (%)	40.24	37.07	34.82	39.89
Other related products and services (%)	67.26	47.57	48.20	48.30
Group GP Margin (%)	**42.89**	**37.67**	**35.27**	**40.20**

FYE 2017 compared to FYE 2016

Although our total GP in FYE 2017 increased by 12.57% or RM1.29 million, our total GP margin decreased from 42.89% to 37.67%. The improvement in GP was mainly attributed to increase in sales of optoelectronics inspection equipment particularly AOI equipment. However, the increase was partially offset by a decrease in GP from solar inspection and sorting equipment, as well as discrete component and IC inspection equipment due to lower sales of certain products within the said segments.

Our lower GP margin in FYE 2017 was mainly due to lower sales of higher margin products such as solar inspection and sorting equipment for IBC solar cells and vision inspection modules. In addition, our vision guided robotic equipment generated a relatively low GP margin as compared with our overall machine vision equipment segment due to the introductory pricing of the said equipment which was introduced in 2017.

Meanwhile, GP and GP margin from other related products and services decreased in FYE 2017 due to lower sales of software products and training services. In addition, there was no rental income from solar wafer inspection and sorting equipment due to the expiration of the leasing period.

FPE 2018 compared to FPE 2017

Our Group's total GP for FPE 2018 increased by 42.88% or RM2.12 million and the GP margin also increased from 35.27% to 40.20%. The growth in total GP was mainly due to the higher sales of discrete component and IC inspection equipment although this was partially offset by the decrease in GP from solar inspection and sorting equipment and optoelectronics inspection equipment as there were lower sales from these product segments.

The improvement in GP margin was mainly attributed to the increase in GP margin of discrete component and IC inspection equipment particularly sales of higher margin products, namely, our newly upgraded wire bond AOI equipment, as well as higher GP margin in some of our optoelectronics inspection equipment.

GP from other related products and services grew slightly by approximately RM0.09 million while GP margin was maintained at approximately 48%.

8.2.5 Other Income

The table below presents the breakdown of our other income:-

Cost of Sales	Audited				Unaudited		Audited	
	FYE 2016		FYE 2017		FPE 2017		FPE 2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gain on disposal of investment property	-	-	-	-	-	-	1,559	86.37
Government grants [(a)]	646	57.37	1,082	59.98	478	87.07	150	8.31
Net unrealised foreign exchange gain [(b)]	368	32.68	-	-	-	-	35	1.94
Deposit forfeited	-	-	644	35.70	-	-	-	-
Others	[(c)] 112	9.95	[(d)] 78	4.32	[(d)] 71	12.93	[(c)] 61	3.38
Total	**1,126**	**100.00**	**1,804**	**100.00**	**549**	**100.00**	**1,805**	**100.00**

Notes:-

(a) Consists of grant income received during the financial years/periods and amortisation of deferred income pertaining to grant income received in previous financial years,

(b) Consists of a net gain on realised and unrealised foreign exchange.

(c) Consists of gain on disposal of property, plant and equipment, rental income, interest income and sundry income.

(d) Consists of rental income and interest income.

FYE 2017 compared to FYE 2016

Other income increased by 60.21% or RM0.68 million in FYE 2017 largely due to a forfeiture of deposit totalling RM0.64 million arising from a customer which cancelled an order after the project has been completed. In addition, we received government grants totalling RM0.84 million in FYE 2017 from MIDA and MTDC mainly for training and modernisation of facilities purposes. The increase in other income also partly attributed to amortisation of deferred income of RM0.24 million in respect of certain grant income.

FPE 2018 compared to FPE 2017

Other income for FPE 2018 increased significantly by 228.78% or RM1.26 million mainly due to the gain on disposal of an investment property, namely, a double-storey industrial factory at Fortune Park, Jelutong, Penang in June 2018 for a cash consideration of RM2.30 million which resulted in a gain on disposal of RM1.56 million.

8.2.6 Operating Expenses

The table below presents the breakdown of our operating expenses:-

Operating expenses	Audited				Unaudited		Audited	
	FYE 2016		FYE 2017		FPE 2017		FPE 2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Administrative expenses	4,481	74.56	5,264	71.37	2,801	90.56	3,197	82.50
R&D expenses	1,216	20.23	367	4.98	153	4.95	348	8.98
Distribution expenses	185	3.08	367	4.98	139	4.49	330	8.52
Other operating expenses	128	2.13	1,377	18.67	-	-	-	-
Total	**6,010**	**100.00**	**7,375**	**100.00**	**3,093**	**100.00**	**3,875**	**100.00**

Our total operating expenses generally comprised the following:-

Administrative expenses - which mainly consist of amortisation and depreciation, staff costs, Directors' remunerations, office administrative expenses, loss on foreign exchange and support expenses.

R&D expenses - which consist of development expenditure that was capitalised as intangible assets, amortised on a straight-line basis over the estimated useful life of 5 years and training expenses.

Distribution expenses - which consist of exhibition expenses, entertainment expenses, accommodation and travelling expenses.

FYE 2017 compared to FYE 2016

Our total operating expenses increased by 22.71% or RM1.37 million in FYE 2017. This was mainly attributed to a one-off expense amounted to RM1.35 million relating to a loss on disposal of a former associate company, namely Waftech, in December 2017. The Board had decided to dispose of its entire 20% equity interest in Waftech for a sale consideration of RM0.4 million after taking into consideration, amongst others, the lack of management control in the company (as we do not have any representatives on the board nor management), the risk in potential delay of receiving periodic financial results to facilitate our consolidation purpose and timely release of our Group's financial results, and its uncertain future growth prospects moving forward.

The increase in total operating expenses was also mainly due to an increase in staff related costs and Directors' remuneration by RM0.50 million as well as amortisation and depreciation by RM0.35 million and exhibition expenses by RM0.15 million. The increase in our total operating expenses was partially offset by the decrease in R&D expenses mainly due to a decrease in training expenses of RM0.94 million incurred in FYE 2017.

FPE 2018 compared to FPE 2017

Our total operating expenses increased by 25.28% or RM0.78 million which grew in line with the growth of our revenue by 25.36% for FPE 2018. Administrative expenses rose mainly due to higher staff costs arising from additional employees hired as well as corporate expenses incurred for our Proposed Listing. In addition, R&D expenses increased due to higher expenses incurred on training of R&D employees while distribution expenses increased as we had participated in more exhibitions in FPE 2018 compared to the same period in 2017.

8.2.7 Finance Costs

The table below presents the breakdown of our finance costs:

	Audited				Unaudited		Audited	
	FYE 2016		FYE 2017		FPE 2017		FPE 2018	
Finance costs	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Interest expense on:-								
- RCCPS	416	67.64	276	84.15	138	62.16	423	93.79
- Term loans	60	9.76	36	10.97	25	11.26	21	4.66
- Bank overdraft	117	19.02	-	-	50	22.52	-	-
- Others	22	3.58	16	4.88	9	4.06	7	1.55
Total	**615**	**100.00**	**328**	**100.00**	**222**	**100.00**	**451**	**100.00**

Finance costs mainly consist of interest provision on the RCCPS as well as interest charges on banking and trade facilities. The RCCPS bears an effective interest rate of 8% per annum for FYE 2016 and FPE 2018, and 4% per annum for FYE 2017 (due to a waiver of 4% granted by MTDC). Our banking and trade facilities include term loans, bank overdraft, hire purchase facilities, bank guarantee and bankers' acceptances. Our finance costs constituted 2.57%, 1.07% and 2.57% of our Group's total revenue for FYE 2016, FYE 2017 and FPE 2018 respectively.

FYE 2017 compared to FYE 2016

Our total finance costs decreased by 46.67% to RM0.29 million in FYE 2017 largely due to the lower utilisation of bank overdraft facility during the financial year as well as lower effective interest rate on RCCPS (due to the waiver of 4% granted by MTDC).

FPE 2018 compared to FPE 2017

Our total finance costs increased by 103.15% to RM0.23 million in FPE 2018, mainly due to the higher interest provision on RCCPS. For FPE 2018, the effective interest rate for the RCCPS was 8% per annum, as compared to FPE 2017 which had a lower effective interest rate of 4% per annum due to the waiver given by MTDC.

8.2.8 PBT, PAT and Effective Tax Rate

The table below presents our PBT, PAT and effective tax rate:-

	Audited		Unaudited	Audited
	FYE 2016	**FYE 2017**	**FPE 2017**	**FPE 2018**
PBT (RM'000)	4,913	5,763	2,249	4,540
PBT margin (%)	20.53	18.79	16.05	25.85
Taxation (RM'000)	646	916	767	262
Effective tax rate (%)	13.15	15.89	34.10	5.77
PAT (RM'000)	4,267	4,847	1,482	4,278
PAT margin (%)	17.83	15.80	10.58	24.35

FYE 2017 compared to FYE 2016

For the FYE 2017, our PBT increased by 17.30% while PBT margin decreased from 20.53% to 18.79% in FYE 2017. This was reflected in the performance of GP and GP margin in FYE 2017, which was mainly attributed to our machine vision equipment business segment. Taxation increased from RM0.65 million to RM0.92 million in FYE 2017 due to higher PBT.

Our effective tax rate was 15.89% in FYE 2017 which was lower than the Malaysian statutory tax rate of 24%. In FYE 2017, our business enjoyed small medium enterprises tax savings with lower statutory tax rate of 18% for chargeable income up to RM500,000. Furthermore, there were non-deductible expenses of RM0.62 million incurred as well as non-taxable income of RM0.33 million during the year.

FPE 2018 compared to FPE 2017

Our PBT for FPE 2018 increased by 101.87% while PBT margin increased from 16.05% to 25.85% in FPE 2018. The growth of our PBT and PBT margin was mainly contributed by our GP and GP margin growth as well as other income recorded from the gain on disposal of our investment property. The taxation and effective tax rate in FPE 2018 were lower at RM0.26 million and 5.77% mainly due to the utilisation of unabsorbed tax losses carried forward in TT Innovation. Furthermore, the gain on disposal of our investment property is not taxable.

8.2.9 Significant Factors Affecting Our Group's Operations and Financial Performance

Section 6 of this Information Memorandum details a number of risk factors relating to our business and the industry/sector in which we operate in. Some of these risk factors had and will continue to have an impact on our revenue and financial performance. Sophisticated Investors should carefully consider such risk factors set out therein before making an investment decision on our Shares.

8.3 DIVIDEND POLICY

Our Group presently does not have any formal dividend policy

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for the year is subject to our shareholders' approval. Although we have not formulated a dividend policy or payout ratio, we recognize that it is important to reward our investors with dividends. Therefore, it is our intention to pay dividends to shareholders in the future to allow our shareholders to participate in our profits subject to various factors including, inter-alia, our financial performance, cash flow requirements, availability of distributable reserves and capital expenditure plans.

As our Company is an investment holding company, our income, and therefore our ability to pay dividends, is dependent upon the dividends that we receive from our subsidiaries, which in turn, will depend upon its distributable profits, operating results, financial condition, capital expenditure plans and other factors that its Board deems relevant.

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

9.1 RELATED PARTY TRANSACTIONS

There is no related party transaction, existing or proposed, entered or to be entered into by our Group which involves the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them during the Financial Periods Under Review.

Upon our listing, in the event that there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors and/or substantial shareholders, the interested Directors and/or substantial shareholders shall disclose to our Board their interests and the nature and extent of their interests, including all matters in relation to the proposed related party transactions that they are aware or should reasonably be aware of, which are not in our best interest. The interested Directors and/or substantial shareholders shall also abstain from any Board deliberation (where applicable) and voting on the relevant resolutions in respect of such proposed related party transactions.

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, the Directors, substantial shareholders and/or persons connected with them, which have any interest, direct or indirect, in the proposed related party transactions will also abstain from voting in respect of their direct and/or indirect shareholdings. Such interested Directors and/or substantial shareholders will also undertake to ensure that persons connected with them will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

9.2 OTHER TRANSACTIONS

There were no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during the Financial Periods Under Review.

There were no outstanding loans, including guarantees of any kind, made by our Group to or for the benefit of related parties during the Financial Periods Under Review.

9.3 INTEREST IN SIMILAR BUSINESS AND OTHER CONFLICT OF INTEREST

None of our Directors and/or direct substantial shareholders has any interest, direct or indirect, in any other businesses and corporations:-

(a) carrying on a similar trade as our Group; and

(b) which are the customers or suppliers of our Group.

9.4 DECLARATION BY THE ADVISERS

(a) KAF IB has confirmed that there is no existing or potential conflict of interest in its capacity as the Approved Adviser, Placement Agent and Continuing Adviser in respect of our Proposed Listing.

(b) Baker Tilly has confirmed that there is no existing or potential conflict of interest in its capacity as the auditors in respect of our Proposed Listing.

(c) WBT has confirmed that there is no existing or potential conflict of interest in its capacity as the solicitors in respect of our Proposed Listing.

(d) Vital Factor has confirmed that there is no existing or potential conflict of interest in its capacity as the Independent Business and Market Researcher in respect of our Proposed Listing.

10. OTHER INFORMATION

10.1 RESPONSIBILITY STATEMENTS

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

KAF IB, acknowledges 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.

10.2 CONSENTS

The written consents of the Approved Adviser, Placement Agent and Continuing Adviser, company secretary, auditors, solicitors, principal bankers and share registrar for the inclusion in this Information Memorandum of their names and all references herein in the form and context in which such names appear in this Information Memorandum have been given before the issuance of this Information Memorandum and have not subsequently been withdrawn.

The written consent of the Independent Business and Market Research Consultant for the inclusion in this Information Memorandum of its name, the Independent Market Research Report and all references herein in the form and context in which they are contained in this Information Memorandum has been given before the issuance of this Information Memorandum and has not subsequently been withdrawn.

10.3 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

As at the date of this Information Memorandum, neither our Company nor our subsidiary are involved in any legal action, proceeding, prosecution or arbitration, either as plaintiff or defendant, which may have a material adverse effect on the business or our financial position, and our Directors are not aware of any legal proceeding, pending or threatened, or of any fact to give rise to any legal proceeding which may have a material adverse effect on our business or financial position.

As at the date of this Information Memorandum, there is no contingent liabilities which, upon becoming enforceable, may materially impact on our financial position and business.

10.4 MATERIAL CONTRACTS

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

(a) Share sale and purchase agreement dated 30 December 2017 entered into between TT Vision, Chan Boon Lin and Ho Yuh Cin in relation to the disposal by TT Vision of its entire 20% equity stake in Waftech comprising 80,000 ordinary shares for a cash consideration of RM400,000 which was completed on 30 December 2017;

(b) Sale and purchase agreement dated 21 June 2018 entered into between TT Vision and Amcoe Engineering Sdn Bhd pursuant to the disposal of a double-storey terrace light industrial property bearing postal address of No. 5, Jalan Perusahaan Jelutong 1, 11600 Jelutong, Penang for a cash disposal consideration of RM2,300,000 which was completed on 2 November 2018;

10. OTHER INFORMATION *(cont'd)*

(c) Conditional share sale agreement dated 16 October 2018 entered into between TTVHB and the Vendors of TT Vision pursuant to the Acquisition of TT Vision which was completed on 18 December 2018; and

(d) Conditional share sale agreement dated 16 October 2018 entered into between TTVHB and TT Vision pursuant to the Acquisition of TT Innovation which was completed on 18 December 2018.

10.5 DOCUMENT FOR INSPECTION

Copies of the Information Memorandum are available free of charge for inspection at the registered office of our Company during normal business hours for at least 1 month after the date of our listing on the LEAP Market of Bursa Securities.

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TT VISION HOLDINGS SDN. BHD.
(1273046-H)
(Incorporated in Malaysia)

COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS/PERIOD 31 DECEMBER 2016, 31 DECEMBER 2017 AND 30 JUNE 2018, THE STATEMENT BY DIRECTORS AND THE INDEPENDENT AUDITORS' REPORT THEREON

Company No. 1273046-H

TT VISION HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION

	Note	Audited As at 31 December 2016 RM'000	Audited As at 31 December 2017 RM'000	Audited As at 30 June 2018 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	**5**	21,890	20,568	23,726
Investment properties	**6**	683	672	-
Intangible assets	**7**	1,099	2,321	2,753
Investment in an associate	**8**	1,643	-	-
Total non-current assets		**25,315**	**23,561**	**26,479**
Current assets				
Inventories	**9**	5,610	6,919	7,080
Current tax assets		222	-	-
Trade and other receivables	**10**	9,456	13,274	12,215
Cash and short-term deposits	**11**	2,963	7,893	7,572
Total current assets		**18,251**	**28,086**	**26,867**
TOTAL ASSETS		**43,566**	**51,647**	**53,346**
EQUITIES AND LIABILITIES				
Equity attributable to the owners of the Group				
Invested equity	**12**	400	400	400
Other reserves	**13**	10,004	10,004	12,790
Retained earnings		8,831	13,678	17,956
TOTAL EQUITY		**19,235**	**24,082**	**31,146**
Non-current liabilities				
Loans and borrowings	**14**	1,222	904	713
Liability component of redeemable cumulative convertible preference shares ("RCCPS")	**15**	10,000	10,276	10,699
Deferred income	**16**	481	1,215	1,065
Deferred tax liabilities	**17**	3,803	3,610	4,489
Total non-current liabilities		**15,506**	**16,005**	**16,966**
Current liabilities				
Loans and borrowings	**14**	1,695	306	338
Current tax liabilities		-	1,027	413
Trade and other payables	**18**	7,130	10,227	4,483
Total current liabilities		**8,825**	**11,560**	**5,234**
TOTAL LIABILITIES		**24,331**	**27,565**	**22,200**
TOTAL EQUITY AND LIABILITIES		**43,566**	**51,647**	**53,346**

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

Company No. 1273046-H

TT VISION HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Audited FYE 31 December 2016 RM'000	Audited FYE 31 December 2017 RM'000	Unaudited FPE 30 June 2017 RM'000	Audited FPE 30 June 2018 RM'000
Revenue	19	23,935	30,676	14,013	17,566
Cost of sales		(13,670)	(19,121)	(9,071)	(10,505)
Gross profit		**10,265**	**11,555**	**4,942**	**7,061**
Other income	20	1,126	1,804	549	1,805
Distribution expenses		(185)	(367)	(139)	(330)
Admistrative expenses		(4,481)	(5,264)	(2,801)	(3,197)
Research and development expenses		(1,216)	(367)	(153)	(348)
Other operating expenses		(128)	(1,377)	-	-
Operating profit		**5,381**	**5,984**	**2,398**	**4,991**
Finance costs	21	(615)	(328)	(222)	(451)
Share of results of an associate, net of tax		147	107	73	-
Profit before tax	22	**4,913**	**5,763**	**2,249**	**4,540**
Income tax expense	24	(646)	(916)	(767)	(262)
Profit for the financial years/period		**4,267**	**4,847**	**1,482**	**4,278**
Other comprehensive income, net of tax	25				
Item that may be reclassified subsequently to profit or loss					
Surplus on revaluation of properties		-	-	-	2,786
Other comprehensive income for the financial years/period		**-**	**-**	**-**	**2,786**
Total comprehensive income for the financial years/period		**4,267**	**4,847**	**1,482**	**7,064**

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

Company No. 1273046-H

TT VISION HOLDINGS SDN. BHD.
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COMBINED STATEMENTS OF CHANGES IN EQUITY

	|---------------- Attributable to the owners of the Group ----------------|				
	Share capital RM'000	**Equity component of RCCPS RM'000**	**Revaluation reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Audited					
At 1 January 2016	400	329	9,675	4,564	14,968
Total comprehensive income for the financial year					
Profit for the financial year	-	-	-	4,267	4,267
At 31 December 2016	400	329	9,675	8,831	19,235
Total comprehensive income for the financial year					
Profit for the financial year	-	-	-	4,847	4,847
At 31 December 2017	400	329	9,675	13,678	24,082
Total comprehensive income for the financial period					
Profit for the financial period	-	-	-	4,278	4,278
Other comprehensive income for the financial period	-	-	2,786	-	2,786
Total comprehensive income	-	-	2,786	4,278	7,064
At 30 June 2018	400	329	12,461	17,956	31,146
Unaudited					
At 1 January 2017	400	329	9,675	8,831	19,235
Total comprehensive income for the financial period					
Profit for the financial period	-	-	-	1,482	1,482
At 30 June 2017	400	329	9,675	10,313	20,717

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

Company No. 1273046-H

TT VISION HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS

	Audited		Unaudited	Audited
	FYE 31 December		FPE 30 June	
	2016 RM'000	2017 RM'000	2017 RM'000	2018 RM'000
Cash flows from operating activities				
Profit before tax	4,913	5,763	2,249	4,540
Adjustments for:				
Amortisation and depreciation of investment property	10	11	5	5
Amortisation and depreciation of property, plant and equipment	1,086	1,433	713	733
Amortisation of deferred income	(71)	(242)	(95)	(150)
Grant income	(1,100)	(1,816)	-	-
Amortisation of intangible assets	249	339	134	274
Bad debts written off	128	-	-	-
Gain on disposal of property, plant and equipment	(2)	-	-	-
Gain on disposal of investment property	-	-	-	(1,559)
Interest expense	615	328	222	451
Interest income	(17)	(82)	(32)	(21)
Net unrealised foreign exchange (gain)/loss	(368)	153	42	(35)
Share of results of an associate	(147)	(107)	(73)	-
Loss on disposal of an associate	-	1,350	-	-
Operating profit before changes in working capital	**5,296**	**7,130**	**3,165**	**4,238**
Changes in working capital				
Inventories	(260)	(1,308)	823	(162)
Receivables	4,543	(3,965)	1,259	3,369
Payables	(9,159)	3,100	(2,021)	(5,816)
Cash generated from operations	**420**	**4,957**	**3,226**	**1,629**
Income tax (paid)/refunded	(1,344)	139	912	(877)
Interests paid	(118)	-	(50)	-
Interests received	17	82	32	21
Net cash (used in)/ from operating activities	**(1,025)**	**5,178**	**4,120**	**773**

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TT VISION HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

		Audited		Unaudited	Audited
		FYE 31 December		FPE 30 June	
		2016	2017	2017	2018
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(1,973)	(111)	(31)	(226)
Proceeds from disposal of property, plant and equipment		4	-	-	-
Proceeds from disposal of an associate		-	400	-	-
Grant received		1,625	2,792	742	-
Additions of intangible assets	7	(1,200)	(1,561)	(761)	(706)
Net cash (used in)/from investing activities		**(1,544)**	**1,520**	**(50)**	**(932)**
Net cash flows from financing activities	**(a)**				
Net change in amount due from directors		9	-	-	-
Net change in amount due from a related company		(41)	-	-	-
Net change in amount due from an associate		415	-	-	-
Repayment of bankers' acceptances		(550)	-	-	-
Repayment of finance lease liabilities		(76)	(79)	(39)	(41)
Repayment of term loans		(448)	(220)	(113)	(117)
Interests paid		(80)	(52)	(34)	(28)
Net cash used in financing activities		**(771)**	**(351)**	**(186)**	**(186)**
Net increase/(decrease) in cash and cash equivalents		(3,340)	6,347	3,884	(345)
Cash and cash equivalents at the beginning of the financial years/period		4,854	1,555	1,555	7,893
Effects of exchange rate changes on cash and cash equivalents		41	(9)	-	24
Cash and cash equivalents at the end of the financial years/period	11	**1,555**	**7,893**	**5,439**	**7,572**

(a) Changes arising from financing activities comprise of net cash flows from the repayment of financial lease liabilities and term loans during the financial years/period There were no non-cash changes arising from financing activities.

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

Company No. 1273046-H

TT VISION HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

TT Vision Holdings Sdn. Bhd. was incorporated on 21 March 2018 as a private limited liability company under its present name and is domiciled in Malaysia. The registered office of TT Vision Holdings Sdn. Bhd. is located at 9-1, 9th Floor, Wisma Penang Garden, 42, Jalan Sultan Ahmad Shah, 10050 Penang. The principal place of business of TT Vision Holdings Sdn. Bhd. is located at Plot 106, Jalan Hilir Sungai Keluang 5, Bayan Lepas FIZ 4, 11900 Bayan Lepas, Penang.

The principal activity of TT Vision Holdings Sdn. Bhd. is investment holdings. The details of the operating entities are as follows:

Operating entities	Principal place of business/country of incorporation	Principal activities
TT Vision Technologies Sdn. Bhd. ("TT Vision")	Malaysia	Development and manufacturing of machine vision equipment, and provision of related products and services.
TT Innovation Centre Sdn. Bhd. ("TT Innovation")	Malaysia	Development and manufacturing of machine vision equipment, and provision of related products and services.

There have been no significant changes in the nature of these activities during the financial years/period under review.

The combined financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 October 2018.

Company No. 1273046-H

TT VISION HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION

The combined financial statements of the Group (as defined herein) for the financial years ended 31 December 2016 and 31 December 2017, and the financial period from 1 January 2018 to 30 June 2018 have been prepared pursuant to the proposed listing and quotation of the entire issued and paid-up share capital of TT Vision Holdings on the LEAP Market of Bursa Malaysia Securities Berhad which consist of the financial statements of the following commonly controlled entities (collectively hereinafter referred to as the "Group") for each of the financial years/period under review:

Entities under common control	**Financial year ended ("FYE") 31 December**		**Financial period ended ("FPE") 30 June**
	2016	**2017**	**2018**
TT Vision Holdings Sdn. Bhd.	Not applicable *	Not applicable *	√
TT Vision Technologies Sdn. Bhd.	√	√	√
TT Innovation Centre Sdn. Bhd.	√	√	√

√ The combined financial statements of the Group include the financial statements of these combining entities for the respective financial years/period.

* No financial statements were available for TT Vision Holdings Sdn. Bhd. as it was incorporated on 21 March 2018.

The combined financial statements of the Group for the relevant periods were prepared in a manner as if the entities under common control 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.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory ("commonly controlled entities"). 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 commonly controlled entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The financial information presented in the combined financial statements may not correspond to those in the consolidated financial statements of the Group had the relevant proposed transactions to legally constitute a group been incorporated in the consolidated financial statements for the respective years. Such financial information in the combines financial statements does not purport to predict the financial position, results and the cash flows of the entities under common control for those financial years/period.

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

The accounting policies of the Group are consistently applied for all the financial years/period presented in these combined financial statements.

Company No. 1273046-H

TT VISION HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.1 Statement of compliance

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

2.2 Adoption of new MFRSs and amendments/improvements to MFRSs

The Group has adopted the following new MFRSs and amendments/improvements to MFRSs that are mandatory for the current financial period:

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

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

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

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

		Effective for financial periods beginning on or after
New MFRS		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021

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TT VISION HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

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

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs		
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*

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TT VISION HOLDINGS SDN. BHD.
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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

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

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

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TT VISION HOLDINGS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

MFRS 16 Leases

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

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

MFRS 17 Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) and amount representing the unearned profits in the group of contracts. Profits from the group of insurance contracts are recognised over the insurance coverage period. In addition, insurance revenue is presented separately from insurance finance income or expenses.

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

Amendments to MFRS 2 Share-based Payments

Amendments to MFRS 2 provide specific guidance on the accounting for:
(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

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

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TT VISION HOLDINGS SDN. BHD.
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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

Amendments to MFRS 9 Financial Instruments

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

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

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

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

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

Amendments to MFRS 112 Income Taxes

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

Amendments to MFRS 119 Employee Benefits

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

Amendments to MFRS 123 Borrowing Costs

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

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TT VISION HOLDINGS SDN. BHD.
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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

Amendments to MFRS 128 Investments in Associates and Joint Ventures

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

The amendments also clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

IC Int 22 Foreign Currency Transactions and Advance Consideration

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

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

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

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TT VISION HOLDINGS SDN. BHD.
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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

Amendments to References to the Conceptual Framework in MFRSs

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

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

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

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

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.4 Functional and presentation currency

The individual financial statements of each entity in the the Group are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also TT Vision Holdings Sdn. Bhd.'s functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

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

2.6 Use of estimates and judgement

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

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years ended FYE 31 December 2016 and FYE 31 December 2017, and the FPE 30 June 2018 presented in the combined financial statements of the Group.

3.1 Basis of consolidation

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

(a) Subsidiary and business combination

A subsidiary is an entity (including structured entities) over which TT Vision is exposed, or has rights, to variable returns from its involvement with the acquiree and has the ability to affect those returns through its power over the acquiree.

The financial statements of subsidiary are included in the consolidated financial statements from the date TT Vision obtains control of the acquiree until the date TT Vision loses control of the acquiree.

TT Vision applies the acquisition method to account for business combinations from the acquisition date.

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

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

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiary and business combination (continued)

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

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

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

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

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

(b) Transactions eliminated on consolidation

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency transactions

(a) Translation of foreign currency transactions

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

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

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

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments

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

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

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

(a) Subsequent measurement

The Group categorises the financial instruments as follows:

(i) Financial assets

Financial assets at FVTPL

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

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

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(a) Subsequent measurement (continued)

(i) Financial assets

Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a). Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

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

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

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

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(a) Subsequent measurement (continued)

(i) Financial assets

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a).

(ii) Financial liabilities

Financial liabilities at FVTPL

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

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

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

Other financial liabilities

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

(b) Financial guarantee contracts

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

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(c) Regular way purchase or sale of financial assets

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

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

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(d) Derecognition

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

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

(e) Offsetting of financial instruments

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than leasehold land and building) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

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

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

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

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

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

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (continued)

(b) Subsequent costs

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

(c) Depreciation

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

	Useful lives (years)
Leasehold land	60 years
Building	50 years
Machinery and equipment	5 years
Computers	5 - 10 years
Office equipment, furniture and fittings	10 years
Motor vehicles	5 years
Renovations and signboard	10 years

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

(d) Derecognition

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases

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

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

(a) Lessee accounting

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

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

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

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

Any upfront lease payments are classified as land use rights within intangible assets.

(b) Lessor accounting

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

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16.

The Group uses the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

Investment in leasehold land is amortised over its remaining lease period. Building is depreciated on a straight-line basis to write off the cost of the asset to its residual values over their estimated useful lives at an annual rate of 2%.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Intangible assets

(a) Research and development

Research costs are recognised in profit or loss as incurred.

An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

(b) Amortisation

The amortisation methods used and estimated useful lives are as follows:

	Method	**Useful lives (years)**
Development costs	Straight-line	5 years

The residual values, useful lives and amortisation methods are reviewed at the end

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Inventories

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

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

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

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

3.9 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdraft.

3.10 Impairment of assets

(a) Impairment an uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as FVTPL and investment in subsidiaries) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets (continued)

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

Loans and receivables and held-to-maturity investments

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

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

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

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets (continued)

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

AFS financial assets

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

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

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

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

Unquoted equity instruments carried at cost

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets (continued)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the assets' recoverable amounts.

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

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

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there have been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Share capital

Ordinary shares

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

3.12 RCCPS

RCCPS are regarded as compound instruments, consisting of a liability component and an equity component. The component of RCCPS that exhibits the characteristics of liability is recognised as a financial liability in accordance with the accounting policy disclosed in Note 3.3. The dividends on RCCPS are recognised as interest expense using the effective interest method.

The residual amount of RCCPS, after deducting the fair value of the liability component, is recognised in equity.

3.13 Employee benefits

(a) Short-term employee benefits

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

(b) Defined contribution plans

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue and other income

The Group recognise revenue that depict the transfer of promised goods and services to customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

Revenue recognition of the Group are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). The Group measures revenue from sale of goods and services at its transaction price, being the amount of consideration to which the Group expected to be entitle in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales and services tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

For contracts with separate performance obligation, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimated is by using the cost-plus-margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the goods or services underlying the particular performance obligation which the performance obligation may be satisfied at a point in time or over time.

A contract modification is change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates a new or existing enforceable rights and obligation of the parties to the contract. The Group has assessed the type of modification and accounted for as either creating a separate new contract, terminating the existing contract and creating a new contract; or forms a part of the existing contract.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue and other income (continued)

(a) Sale of goods – manufacturing

The Group manufactures machine vision equipment to local and overseas customers. Revenue from sale of manufactured goods are recognized at a point in time when control of the products has been transferred, being when the customer accepts delivery of the goods.

Sales are made with a credit term ranging from 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

A right to recover goods from customer on settling the refund liability is recognised as an asset and included as part of inventories for the goods expected to be returned.

Where consideration is collected from customer in advance for sale of manufactured goods, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon the sale of manufactured goods to the customer.

(b) Rental income

Revenue from rental of machineries and investment property is recognised on a straight-line basis over the term of the lease.

(c) Interest income

Interest income is recognised using the effective interest method.

3.15 Government grants

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

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

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Borrowing costs

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

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

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

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

3.17 Income tax

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

(a) Current tax

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (continued)

(b) Deferred tax

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

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

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

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

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (continued)

(b) Deferred tax (continued)

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.19, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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

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

3.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.19 Fair value measurements

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

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Fair value measurements (continued)

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

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

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

3.20 Contingencies

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

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

4. SUMMARY OF ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Classification between investment properties and property, plant and equipment

Certain property comprises a portion that is held to earn rental income or capital appreciation, or for both, whilst the remaining portion is held for use in the production or supply of goods and services or for administrative purposes. If the portion held for rental and/or capital appreciation could be sold separately (or leased out separately as a finance lease), the Group accounts for that portion as an investment property. If the portion held for rental and/or capital appreciation could not be sold or leased out separately, it is classified as an investment property only if an insignificant portion of the property is held for use in the production or supply of goods and services or for administrative purposes. Management uses judgement to determine whether any ancillary services are of such significance that a property does not qualify as an investment property.

4.2 Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.4, the Group reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

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

4.3 Classification of finance and operating leases

The Group classifies a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incident to ownership of the underlying asset lied. As a lessee, the Group recognises a lease as a finance lease if it is exposed to significant risks and rewards incident to ownership of the underlying asset. In applying judgements, the Group considers whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for at least 75% of the remaining economic life of the underlying asset, the present value of lease payments is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used by the leasee without major modifications. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

4. SUMMARY OF ACCOUNTING ESTIMATES AND JUDGEMENTS

4.4 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 26(c).

4.5 Impairment of financial assets

For impairment test of held-to-maturity investments, the Group uses estimates of future cash flows of the held-to-maturity investments and discounts the future cash flows using the original effective interest rate of an instrument. As the projected cash flows are based on estimates, the actual cash flows may differ from those estimates and these may affect the carrying amounts of the held-to-maturity investments.

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

4. SUMMARY OF ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.5 Impairment of financial assets (continued)

For AFS unquoted equity investments, the Group uses estimates of future cash flows of the unquoted equity investments and discounts the future cash flows using a current market rate of return of similar risk-class instrument. For quoted AFS equity investments, the Group recognises an impairment loss when there has been a significant or prolonged decline in the market price of a quoted equity investment. The Group uses its judgement to decide when an impairment loss shall be recognised using past experience of similar investments, historical volatility of the share prices and current market conditions. The actual eventual losses may be different from the impairment made and this may affect the Group's financial position and results.

The carrying amount of the the Group's financial assets are disclosed in Note 26(a).

4.6 Measurement of income taxes

The Group operates in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Group's estimation for current and deferred taxes. When the final outcome of the tax payable is determined with the tax authorities, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise. The income tax expenses of the Group are disclosed in Note 24.

4.7 Write-down of obsolete or slow-moving inventories

The Group writes down its obsolete or slow-moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 9.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

4. SUMMARY OF ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.8 Useful lives of intangible assets

The Group estimates the useful lives to amortise intangible assets based on the future performance of the assets acquired and management's judgement of the period over which economic benefits will be derived from the assets. The estimated useful lives of intangible assets are reviewed periodically, taking into consideration factors such as changes in technology. The amount and timing of recorded expenses for any period would be affected by changes in the estimates. A reduction in the estimated useful lives of the intangible assets would increase the recorded expenses and decrease the non-current assets.

The carrying amounts of the intangible assets are disclosed Note 7.

4.9 Impairment of non-financial assets

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

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

4.10 Classification of equity and liability component of RCCPS

The Group has recognised the RCCPS consisting of an equity and liability component. At the issue date, the value of the liability component is determined using a prevailing market interest rate. Judgement is made on the market interest rate used for classification of equity and liability component.

4.11 Revenue recognition in relation to sale of goods

Certain sale of goods of the Group is subject to the customer's acceptance which the customer has the rights to return the goods delivered if it does not fulfil the requirements of the customer. Although the returns are outside the Group's influence, the Group has significant experience in estimating returns. Thus, the Group has determined that it is highly probable that a significant reversal in the cumulative amount of revenue recognised will not occur. It is therefore appropriate to recognise revenue for sale of goods upon the delivery of the goods to customer as control of the product is transferred to the customer.

The revenue recognised for sale of goods during the year is disclosed in Note 19.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

Audited	**Leasehold Land RM'000**	**Building RM'000**	**Machinery and Equipment RM'000**	**Computers RM'000**	**Office Equipment, Furniture and Fittings RM'000**	**Motor Vechicles RM'000**	**Renovation and Signboard RM'000**	**Construction work-in-progress RM'000**	**Total RM'000**
Cost									
As at 1 January 2016	14,000	4,000	2,677	706	374	940	87	-	22,784
Additions	-	-	1,782	154	37	-	-	-	1,973
Disposals	-	-	-	-	(15)	-	-	-	(15)
As at 31 December 2016	14,000	4,000	4,459	860	396	940	87	-	24,742
Additions	-	-	-	89	22	-	-	-	111
As at 31 December 2017	14,000	4,000	4,459	949	418	940	87	-	24,853
Additions	-	-	-	194	-	-	-	32	226
Revaluation surplus	3,050	(250)	-	-	-	-	-	-	2,800
As at 30 June 2018	17,050	3,750	4,459	1,143	418	940	87	32	27,879

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Audited	Leasehold Land RM'000	Building RM'000	Machinery and Equipment RM'000	Computers RM'000	Office Equipment, Furniture and Fittings RM'000	Motor Vechicles RM'000	Renovation and Signboard RM'000	Construction work-in-progress RM'000	Total RM'000
Accumulated depreciation									
As at 1 January 2016	-	-	595	630	144	347	63	-	1,779
Amortisation/depreciation for the financial year	259	87	476	42	58	155	9	-	1,086
Disposal	-	-	-	-	(13)	-	-	-	(13)
As at 31 December 2016	259	87	1,071	672	189	502	72	-	2,852
Amortisation/depreciation for the financial year	259	87	793	73	58	154	9	-	1,433
As at 31 December 2017	518	174	1,864	745	247	656	81	-	4,285
Amortisation/depreciation for the financial period	130	43	396	57	27	77	3	-	733
Elimination of accumulated amortisation/depreciation on revaluation	(648)	(217)	-	-	-	-	-	-	(865)
As at 30 June 2018	-	-	2,260	802	274	733	84	-	4,153

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Audited	Leasehold Land RM'000	Building RM'000	Machinery and Equipment RM'000	Computers RM'000	Office Equipment, Furniture and Fittings RM'000	Motor Vechicles RM'000	Renovation and Signboard RM'000	Construction work-in-progress RM'000	Total RM'000
Net carrying amount									
As at 31 December 2016									
- At cost	-	-	3,388	188	207	438	15	-	4,236
- At revaluation	13,741	3,913	-	-	-	-	-	-	17,654
	13,741	3,913	3,388	188	207	438	15	-	21,890
As at 31 December 2017									
- At cost	-	-	2,595	204	171	284	6	-	3,260
- At revaluation	13,482	3,826	-	-	-	-	-	-	17,308
	13,482	3,826	2,595	204	171	284	6	-	20,568
As at 30 June 2018									
- At cost	-	-	2,199	341	144	207	3	32	2,926
- At revaluation	17,050	3,750	-	-	-	-	-	-	20,800
	17,050	3,750	2,199	341	144	207	3	32	23,726

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Assets under finance lease

The carrying amounts of property, plant and equipment held under finance lease arrangement of the Group are as follows:

	Audited		
	As at 31 December		As at 30 June
	2016	2017	2018
	RM'000	RM'000	RM'000
Motor vehicles	439	284	206

(b) Assets pledged as security

The Group have pledged the following property to licensed banks to secure banking facilities granted to the Group:

	Audited		
	As at 31 December		As at 30 June
	2016	2017	2018
	RM'000	RM'000	RM'000
Leasehold land	13,741	13,482	17,050
Building	3,913	3,826	3,750
	17,654	17,308	20,800

(c) Fair value information

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2016				
Leasehold land	-	13,741	-	13,741
Building	-	3,913	-	3,913
	-	17,654	-	17,654
31 December 2017				
Leasehold land	-	13,482	-	13,482
Building	-	3,826	-	3,826
	-	17,308	-	17,308
30 June 2018				
Leasehold land	-	17,050	-	17,050
Building	-	3,750	-	3,750
	-	20,800	-	20,800

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Fair value information

There are no Level 1 and Level 3 leasehold land and building or transfers between levels during the financial years/period under review.

Level 2 fair value

Level 2 fair value of leasehold land and building have been derived using the market comparison approach that reflects recent transaction prices of similar properties. The most significant input into this valuation approach is price per square foot for comparable properties. There has been no change to the valuation technique during the financial years/period under review.

Valuation process applied by the Group

The Group's finance department includes a team that performs valuation analysis of leasehold land and building required for financial reporting purposes. This team reports directly to the board of directors.

The fair value of leasehold land and building are determined by external independent property valuers, Cheston International (Penang) Sdn. Bhd., with appropriate recognised professional qualification and recent experience in the location and category of property being valued. There has been no change to the valuation technique during the financial years/period under review.

Highest and best use

In estimating the fair value of the leasehold land and building, the highest and best use of the leasehold land and buildings is their current use.

Had the leasehold land and building been carried at historical cost less accumulated depreciation, the carrying amount that would have been recognised in the combined financial statements are as follows:

	As at 31 December		**As at 30 June**
	2016	**2017**	**2018**
	RM'000	**RM'000**	**RM'000**
Leasehold land	1,475	1,445	1,416
Building	3,159	3,082	3,006
	4,634	4,527	4,422

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

6. INVESTMENT PROPERTIES

Audited	**Leasehold land RM'000**	**Building RM'000**	**Total RM'000**
Cost			
As at 1 January 2016/ 31 December 2016/ 31 December 2017	552	250	802
Disposal	(552)	(250)	(802)
As at 30 June 2018	-	-	-
Accumulated amortisation/ depreciation			
As at 1 January 2016	59	50	109
Amortisation/depreciation for the financial year	5	5	10
As at 31 December 2016	64	55	119
Amortisation/depreciation for the financial year	6	5	11
As at 31 December 2017	70	60	130
Amortisation/depreciation for the financial period	3	2	5
Disposal	(73)	(62)	(135)
As at 30 June 2018	-	-	-
Net carrying amount			
As at 31 December 2016	488	195	683
As at 31 December 2017	482	190	672
As at 30 June 2018	-	-	-

The carrying amount of the investment property as at 31 December 2016 and 31 December 2017 of RM682,541 and RM671,667 respectively has been pledged as security to secure term loan and banking facilities granted to TT Vision as disclosed in Note 14(a). Approval of the lender is required for the disposal of the investment property. The proceeds from disposal can only be remitted to TT Vision after full repayment of the term loans.

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6. INVESTMENT PROPERTIES (CONTINUED)

The following are recognised in profit or loss in respect of investment properties:

	Audited		
	FYE 31 December		FPE 30 June
	2016	2017	2018
	RM'000	RM'000	RM'000
Rental income	78	78	39
Direct operating expenses:			
- income generating investment properties	(6)	(3)	(3)

Fair value information

The fair value of the investment property as at 31 December 2016 and 31 December 2017 was RM2,200,000 is categorised at Level 2 of the fair value hierarchy.

There are no Level 1 and Level 3 investment properties or transfers between levels during the financial years/period.

Level 2 fair value

Level 2 fair value of leasehold land and building have been derived using the sales comparison approach. Sales prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable buildings.

Valuation process applied by the Group

The Group's finance department includes a team that performs valuation analysis of the leasehold land and building for financial reporting purposes, including Level 3 fair value. This team reports directly to the board of directors.

The fair value of the investment property is determined by an external independent valuer which is a member of the Institute of Valuers in Malaysia, with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. There has been no change to the valuation technique during the financial years/period.

Highest and best use

In estimating the fair value of the property, the highest and best use of the property is its current use.

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7. INTANGIBLE ASSETS

	Development expenditure RM'000
Audited	
Cost	
As at 1 January 2016	2,897
Additions	1,200
As at 31 December 2016	4,097
Additions	1,561
As at 31 December 2017	5,658
Additions	706
As at 30 June 2018	6,364
Accumulated amortisation	
As at 1 January 2016	2,749
Amortisation for the financial year	249
As at 31 December 2016	2,998
Amortisation for the financial year	339
As at 31 December 2017	3,337
Amortisation for the financial period	274
As at 30 June 2018	3,611
Net carrying amount	
As at 31 December 2016	1,099
As at 31 December 2017	2,321
As at 30 June 2018	2,753

(a) Amortisation

The amortisation of development costs amounting to RM273,992 (31.12.2016: RM249,000 and 31.12.2017: RM339,367) are included in research and development expenses.

(b) Development cost

Development costs represent software under development and yet to be commercialised. It is reasonably anticipated that the costs will be recovered through future commercial activities.

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8. INVESTMENT IN AN ASSOCIATE

	Audited		
	As at 31 December		As at 30 June
	2016 RM'000	2017 RM'000	2018 RM'000
Shares at cost	113	113	-
Share of post-acquisition reserves	1,530	1,637	-
	1,643	1,750	-
Disposal	-	(1,750)	-
	1,643	-	-

Details of the associate are as follows:

Name of Company	Country of incorporation	Effective equity interests 31.12.2016	31.12.2017	30.6.2018	Principal activities
Associate					
Waftech Sdn. Bhd. *	Malaysia	20%	-	-	Design, development, manufacture and marketing of state-of-art wafer handling equipment and automated material

* *Audited by auditors other than Baker Tilly Monteiro Heng*

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8. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Summarised financial information of material associate

The following table illustrates the summarised financial information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate:

	Waftech Sdn. Bhd. RM'000
2016	
Summarised financial information	
As at 31 December	
Non-current assets	1,130
Current assets	12,314
Non-current liabilities	(483)
Current liabilities	(4,749)
Net assets	8,212
Year ended 31 December	
Revenue	9,438
Profit for the financial year, representing total comprehensive income	734
Reconciliation of net assets to carrying amount	
As at 31 December	
Group's share of net assets, representing carrying amount in the statement of financial position	1,643
Group's share of results	
Year ended 31 December	
Group's share of profit, representing total comprehensive income	147

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8. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Summarised financial information of material associate (continued)

	Waftech Sdn. Bhd. RM'000
2017	
Summarised financial information	
As at 31 December	
Non-current assets	929
Current assets	13,480
Non-current liabilities	(474)
Current liabilities	(5,186)
Net assets	8,749
Year ended 31 December	
Revenue	7,366
Profit for the financial year, representing total comprehensive income	537
Reconciliation of net assets to carrying amount	
As at 31 December	
Group's share of net assets, representing carrying amount in the statement of financial position	1,750
Group's share of results	
Year ended 31 December	
Group's share of profit, representing total comprehensive income	107

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8. INVESTMENT IN AN ASSOCIATE (CONTINUED)

On 31 December 2017, TT Vision disposed its 20% equity investment in Waftech Sdn. Bhd. for a total consideration of RM400,000.

(a) The summary of the effects of disposal of Waftech Sdn. Bhd. to the the Group:

	Audited 31.12.2017 RM'000
Fair value of consideration received	400
Less: Group's share of net assets at date of disposal	(1,750)
Loss on disposal of an associate	(1,350)

9. INVENTORIES

	Audited		
	As at 31 December		**As at 30 June**
	2016 RM'000	**2017 RM'000**	**2018 RM'000**
At the lower of cost and net realisable value:			
Raw materials	345	504	598
Work-in-progress	4,970	5,888	5,999
Finished goods	295	527	483
	5,610	6,919	7,080

The cost of inventories of the Group recognised as an expense in cost of sales during the financial period was RM6,935,627 (FYE 2016: RM9,079,233 and FYE 2017: RM13,238,335).

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

10. TRADE AND OTHER RECEIVABLES

	Audited		
	As at 31 December		As at 30 June
	2016 RM'000	2017 RM'000	2018 RM'000
Current:			
Trade			
External parties	9,185	12,313	9,008
Non-trade:			
Other receivables	193	700	3,070
Deposits	31	31	31
Prepayments	-	230	106
Amount owing by related companies	47	-	-
	271	961	3,207
Total trade and other receivables	9,456	13,274	12,215

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranges from 30 to 90 days from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

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

	Audited		
	As at 31 December		As at 30 June
	2016 RM'000	2017 RM'000	2018 RM'000
Neither past due nor impaired	8,179	7,614	6,242
Past due but not impaired	1,006	4,699	2,766
1-30 days past due not impaired	44	1,138	638
31-60 days past due not impaired	6	2,572	50
61-90 days past due not impaired	113	180	338
91-120 days past due not impaired	208	80	9
More than 121 days past due not impaired	635	729	1,731
	9,185	12,313	9,008

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Amount owing by related companies

The amount owing by related companies is unsecured, interest free and repayable on demand in cash.

11. CASH AND SHORT-TERM DEPOSITS

	Audited		
	As at 31 December		**As at 30 June**
	2016	**2017**	**2018**
	RM'000	**RM'000**	**RM'000**
Cash at bank	19	22	8
Cash in hand	2,944	7,871	7,564
	2,963	7,893	7,572

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

	Audited		
	As at 31 December		**As at 30 June**
	2016	**2017**	**2018**
	RM'000	**RM'000**	**RM'000**
Cash at bank	19	22	8
Cash in hand	2,944	7,871	7,564
Less: Bank overdraft	(1,408)	-	-
	1,555	7,893	7,572

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12. INVESTED EQUITY

For the purpose of the combined financial statements, the invested equity at the end of the respective financial years is the aggregate of the share capital of the combining entities constituting the Group.

The invested equity constitutes the share capital of TT Vision Holdings Sdn. Bhd., TT Vision and TT Innovation.

During the financial period ended 30 June 2018, the Group issued 100 new ordinary shares at a price of RM1 each for the incorporation of TT Vision Holdings Sdn. Bhd.

The new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of the Group.

13. OTHER RESERVES

		Audited		
		As at 31 December		As at 30 June
		2016	2017	2018
	Note	RM'000	RM'000	RM'000
Equity component of RCCPS (Note 15)	(a)	329	329	329
Revaluation reserve	(b)	9,675	9,675	12,461
		10,004	10,004	12,790

(a) Equity component of RCCPS

This represents the residual amount of RCCPS after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability arising from RCCPS.

(b) Revaluation reserve

The revaluation reserve represents increase in the fair value of leasehold land and building, net of tax and decreases to the extent that such decreases relate to an increase on the same asset previously recognised.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

14. LOANS AND BORROWINGS

	Note	Audited		
		As at 31 December		As at 30 June
		2016	2017	2018
		RM'000	RM'000	RM'000
Non-current				
Term loans	(a)	881	646	499
Finance lease liabilities	(b)	341	258	214
		1,222	904	713
Current				
Term loans	(a)	207	222	253
Finance lease liabilities	(b)	80	84	85
Bank overdraft	(c)	1,408	-	-
		1,695	306	338
Total loans and borrowings				
Term loans		1,088	868	752
Finance lease liabilities		421	342	299
Bank overdraft		1,408	-	-
		2,917	1,210	1,051

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

14. LOANS AND BORROWINGS

(a) Term loans

Term loan 1 of the Group of RM287,432 (31.12.2016: RM376,219 and 31.12.2017: RM320,351) bears interest at a rate of 6.92% (31.12. 2016 and 31.12.2017: 6.92%) per annum and is repayable by monthly instalments of RM6,781 over five years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge against leasehold land and building and investment property of the Group;
(ii) Registered open and all monies charge;
(iii) Debenture over the leasehold land and building with fixtures and fittings now or from time to time; and
(iv) Joint and several guarantees by certain directors of the Group.

Term loan 2 of the Group of RM463,895 (31.12. 2016: RM711,982 and 31.12.2017: RM548,347) bears interest at a rate of 7.02% (31.12.2016 and 31.12.2017: 7.02%) per annum and is repayable by monthly instalments of RM16,213 over ten years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge against leasehold land and building and investment property of the Group;
(ii) Registered open and all monies charge;
(iii) Debenture over the leasehold land and building with fixtures and fittings now or from time to time; and
(iv) Joint and several guarantees by certain directors of the Group.

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14. LOANS AND BORROWINGS

(b) Finance lease liabilities

The motor vehicles of the Group as disclosed in Note 5 are pledged for finance leases. Such leases do not have terms for renewal which would give the Group an option to purchase at nominal values at the end of lease term. The average interest rate implicit in the leases is 4.44% (31.12.2016 and 31.12.2017: 4.44%).

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

	Audited		
	As at 31 December		As at 30 June
	2016	2017	2018
	RM'000	RM'000	RM'000
Minumum lease payments:			
Not later than one year	97	97	97
Later than one year and not later than five years	370	274	224
Later than five years	-	-	-
	467	371	321
Less: Future finance charges	(46)	(29)	(22)
Present value of finance lease payments	421	342	299
Present value of minimum lease payments payable:			
Not later than one year	80	84	85
Later than one year and not later than five years	341	258	214
Later than five years	-	-	-
	421	342	299
Less: Amount due within twelve months	(80)	(84)	(85)
Amount due after twelve months	341	258	214

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

15. RCCPS

	Audited					
	Number of RCCPS			Amount		
	As at 31 December		As at 30 June	As at 31 December		As at 30 June
	2016	2017	2018	2016	2017	2018
	Unit	Unit	Unit	RM	RM	RM
Issued and fully paid-up	8,750	8,750	8,750	88	88	88

The total proceeds received were split between a liability component and an equity component as follows:

	Audited		
	As at 31 December		As at 30 June
	2016	2017	2018
	RM'000	RM'000	RM'000
Liability component	8,421	8,421	8,421
Equity component (Note 13)	329	329	329
	8,750	8,750	8,750

The salient features of RCCPS are as follows:

(a) The holder of RCCPS is entitled to receive an annual dividend of 4% on the amount invested. The dividend is cumulative and mandatory.

(b) RCCPS are convertible at the sole and absolute discretion of the holder at any time at the conversion rates of 1 new ordinary share for every 30.4 to 58.0 RCCPS.

(c) The holder of RCCPS has the right at its sole and absolute discretion to demand TT Vision to redeem the shares at the amount invested plus an annual rate of return of 8% (inclusive of preference dividend) on the amount invested if TT Vision fails to secure a qualified listing or qualified sale after 60 months from 30 August 2010.

(d) At any general meeting of TT Vision, each RCCPS carries a number of votes equal to the number of ordinary shares then issuable upon its conversion into ordinary shares.

(e) In the event of liquidation, dissolution or winding-up of TT Vision, the holder of RCCPS is entitled to recover up to 2.5 times of the amount invested, prior to any distribution to the ordinary shareholders.

(f) On 2 February 2018, the holder of RCCPS has approved the request from TT Vision for an extension of the RCCPS redemption period to 27 February 2019 and the waiver of the RCCPS interests for the financial year ended 31 December 2017.

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15. RCCPS (CONTINUED)

Liability Component of RCCPS

	Audited		
	As at 31 December		As at 30 June
	2016	2017	2018
	RM'000	RM'000	RM'000
As at 1 January	9,583	10,000	10,276
Interest recognised using effective interest method	417	276	423
As at 31 December	10,000	10,276	10,699

The RCCPS bears effective interest rate at 8% (2015: 9%) per annum.

The payment/redemption analysis is as follows:

	Audited		
	As at 31 December		As at 30 June
	2016	2017	2018
	RM'000	RM'000	RM'000
Gross payments upon redemption:			
- not later than one year	350	350	350
- later than one year and not later than five years	13,355	13,355	13,355
Total contractual undiscounted cash flows	13,705	13,705	13,705
Less: Future finance charge	(3,705)	(3,429)	(3,006)
Present value of RCCPS	10,000	10,276	10,699

The carrying amounts of RCCPS are reasonable approximations of fair values as their effective interest rates also approximate to the current market interest rates for similar liabilities.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

16. DEFERRED INCOME

		Audited		
		As at 31 December		As at 30 June
		2016	2017	2018
	Note	RM'000	RM'000	RM'000
Non-current				
Government grants:				
At the beginning of the financial year/period		27	481	1,215
Received during the financial year/period	(a)	525	976	-
Released to the profit or loss		(71)	(242)	(150)
At the end of the financial year/period		481	1,215	1,065

(a) Government grants relates to assets

Government grants have been received for the purchase of certain items of property, plant and equipment.

17. DEFERRED TAX LIABILITIES

Deferred tax relates to the following:

		Recognised in		
	As at 1 January RM'000	Profit or loss RM'000 (Note 24)	Other comprehensive income RM'000	As at 31 December /30 June RM'000
Audited				
Deferred tax liabilities:				
31 December 2016				
Property, plant and equipment	4,279	(476)	-	3,803
31 December 2017				
Property, plant and equipment	3,803	(193)	-	3,610
Deferred tax liabilities:				
30 June 2018				
Property, plant and equipment	3,610	-	879	4,489

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17. DEFFERED TAX LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Audited		
	As at 31 December		As at 30 June
	2016	2017	2018
	RM'000	RM'000	RM'000
Unused tax losses	-	(18)	-
Unabsorbed capital allowances	(5,150)	(4,626)	(3,963)
	(5,150)	(4,644)	(3,963)

Unrecognised temporary differences relating to investments in a subsidiary and an associate

At the reporting date, no deferred tax liability (31.12.2016 and 31.12.2017: Nil) has been recognised for taxes that would be payable on the undistributed earnings of the Group's subsidiary and associate as:

(a) the Group has determined that undistributed earnings of its subsidiary and associate will not be distributed in the foreseeable future; and
(b) the Group has an agreement with its associate that the profit of the associate will not be distributed until it obtains the consent of the Group. The Group does not foresee giving such consent at the reporting date.

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18. TRADE AND OTHER PAYABLES

	Audited		
	As at 31 December		As at 30 June
	2016 RM'000	2017 RM'000	2018 RM'000
Trade			
External parties	3,569	6,129	3,481
Non-trade			
Other payables	3,524	4,054	883
Accruals	22	33	108
Deposits	15	11	11
	3,561	4,098	1,002
Total trade and other payables	7,130	10,227	4,483

Trade payables are non-interest bearing and the normal trade credit term granted to the the Group ranges from 30 to 90 days.

For explanation on the Group liquidity risk management processes, refer to Note 26(b)(ii).

19. REVENUE

	Audited		Unaudited	Audited
	FYE 31 December		FPE 30 June	
	2016 RM'000	2017 RM'000	2017 RM'000	2018 RM'000
Sale of goods	23,757	30,676	14,013	17,566
Rental of machineries	178	-	-	-
	23,935	30,676	14,013	17,566

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

20. OTHER INCOME

	Audited		Unaudited	Audited
	FYE 31 December		FPE 30 June	
	2016 RM'000	2017 RM'000	2017 RM'000	2018 RM'000
Gain on disposal of property, plant and equipment	2	-	-	-
Gain on disposal of investment property	-	-	-	1,559
Government grants	646	1,082	478	150
Rental income	78	78	39	39
Interest income	17	-	32	21
Net unrealised foreign exchange gain	368	-	-	35
Deposits forfeited	-	644	-	-
Others	15	-	-	1
	1,126	1,804	549	1,805

21. FINANCE COSTS

	Audited		Unaudited	Audited
	FYE 31 December		FPE 30 June	
	2016 RM'000	2017 RM'000	2017 RM'000	2018 RM'000
Interest expense on:				
Term loans	60	36	25	21
Finance lease liabilities	21	16	9	7
Interest on RCCPS	416	276	138	423
Bank overdraft	117	-	50	-
Bank guarantee	1	-	-	-
	615	328	222	451

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

22. PROFIT BEFORE TAX

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

		Audited		Unaudited	Audited
		FYE 31 December		FPE 30 June	
		2016	2017	2017	2018
	Note	RM'000	RM'000	RM'000	RM'000
Amortisation and depreciation of property, plant and equipment	5	1,086	1,433	713	560
Amortisation and depreciation of investment property	6	10	11	5	5
Amortisation of intangible asset	7	249	339	134	274
Auditors' remuneration		22	28	-	45
Bad debts written off		128	-	-	-
Employees benefits expense	23	5,309	5,686	2,869	3,379
Loss on disposal of an associate		-	1,350	-	-
Net realised foreign exchange loss		778	488	3	*
Net unrealised foreign exchange loss		-	153	42	-
Rental of equipment		11	82	6	11

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

23. EMPLOYEE BENEFITS EXPENSE

	Audited		Unaudited	Audited
	FYE 31 December		FPE 30 June	
	2016	2017	2017	2018
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	3,697	4,836	2,457	2,815
Defined contribution plan	406	529	276	329
Other staff related expenses	1,206	321	136	235
	5,309	5,686	2,869	3,379
Included in employee benefits expense are:				
Directors' fee	48	48	24	24
Directors' other emoluments	861	992	562	530
	909	1,040	586	554

24. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2016 and 31 December 2017, and financial period 30 June 2018.

	Audited		Unaudited	Audited
	FYE 31 December		FPE 30 June	
	2016	2017	2017	2018
	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	1,122	1,109	767	262
Deferred tax:				
Origination/(Reversal) of temporary difference	(476)	(193)	-	-
Income tax expense recognised in profit or loss	646	916	767	262

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

The statutory tax rate applicable to small and medium scale enterprise ("SME") incorporated in Malaysia with paid up capital of RM3.5 million and below is subject to the statutory tax rate of 18% of chargeable income of up to RM500,000. For chargeable income excess of RM500,000, statutory tax rate of 24% is still applicable.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. INCOME TAX EXPENSE (CONTINUED)

The reconciliation from the tax amount at the statutory income tax rate to the Group's tax expenses are as follows:

	Audited		Unaudited	Audited
	FYE 31 December		FPE 30 June	
	2016	2017	2017	2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax	4,913	5,763	2,249	4,540
Tax at Malaysian statutory tax rate of 24%	1,187	1,381	540	1,090
SME tax savings	(25)	(25)	(25)	(30)
Effect of changes in tax rate	-	-	-	-
Adjustments:				
Income not subject to tax	(165)	(329)	(57)	(374)
Non-deductible expenses	447	621	368	257
Deferred tax not recognised on tax losses and temporary difference	(798)	(732)	(59)	-
Utilisation of previously unrecognised tax losses and capital allowances	-	-	-	(681)
	646	916	767	262

25. OTHER COMPREHENSIVE INCOME

	Audited		Unaudited	Audited
	FYE 31 December		FPE 30 June	
	2016	2017	2017	2018
	RM'000	RM'000	RM'000	RM'000
Items that may be reclassified subsequently to profit or loss				
Surplus on revaluation of properties	-	-	-	2,786

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

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

Audited	**Note**	**Carrying amount RM'000**	**L&R/(FL) RM'000**
As at 31 December 2016			
Financial assets			
Trade and other receivables	**10**	9,456	9,456
Cash and short-term deposits	**11**	2,963	2,963
		12,419	12,419
Financial liabilities			
Loans and borrowings	**14**	2,917	(2,917)
Trade and other payables	**18**	7,130	(7,130)
		10,047	(10,047)
As at 31 December 2017			
Financial assets			
Trade and other receivables, less prepayments	**10**	13,044	13,044
Cash and short-term deposits	**11**	7,893	7,893
		20,937	20,937
Financial liabilities			
Loans and borrowings	**14**	1,210	(1,210)
Trade and other payables	**18**	10,227	(10,227)
		11,437	(11,437)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

Audited	**Note**	**Carrying amount RM'000**	**L&R/(FL) RM'000**
As at 30 June 2018			
Financial assets			
Trade and other receivables, less prepayments	**10**	12,109	12,109
Cash and short-term deposits	**11**	7,572	7,572
		19,681	19,681
Financial liabilities			
Loans and borrowings	**14**	1,051	(1,051)
Trade and other payables	**18**	4,483	(4,483)
		5,534	(5,534)

(b) Financial risk management

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

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

(i) Credit risk

Trade and other receivables

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade and other receivables (continued)

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

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

The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial years is disclosed in Note 10. Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. A significant portion of these trade receivables are regular customers that have been transacting with the Group. Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairment are made on specific receivables when there is objective evidence that the Group will not be able to collect all amounts due.

<u>Credit risk concentration profile</u>

At the end of the financial period, the Group has a significant concentration of credit risk in the form of two (2) (31.12.2016 and 31.12.2017: two (2)) trade receivables, representing approximately 70% (31.12.2016: 60% and 31.12.2017: 70%) of the Group's trade receivables.

Other financial assets

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk

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

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

Maturity analysis

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

		← Contractual cash flows →			
Audited	Carrying amount RM'000	On demand or within one year RM'000	Between one and five years RM'000	More than five years RM'000	Total RM'000
As at 31 December 2016					
Term loans	1,088	276	945	-	1,221
Finance lease liabilities	421	97	370	-	467
Bank overdraft	1,408	1,408	-	-	1,408
Trade and other payables	7,130	7,130	-	-	7,130
	10,047	8,911	1,315	-	10,226

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)

		Contractual cash flows			
Audited	**Carrying amount RM'000**	**On demand or within one year RM'000**	**Between one and five years RM'000**	**More than five years RM'000**	**Total RM'000**
As at 31 December 2017					
Term loans	868	276	669	-	945
Finance lease liabilities	342	97	274	-	371
Trade and other payables	10,227	10,227	-	-	10,227
	11,437	10,600	943	-	11,543
Audited					
As at 30 June 2018					
Term loans	752	276	533	-	809
Finance lease liabilities	299	97	224	-	321
Trade and other payables	4,483	4,483	-	-	4,483
	5,534	4,856	757	-	5,613

(iii) Foreign currency risk

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

The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD") and Singapore Dollars ("SGD").

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

The Group's unhedged financial assets and liabilities that are not denominated in its functional currency are as follows:

	Audited		
	As at 31 December		As at 30 June
	2016	2017	2018
	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currency:			
Trade receivables			
USD	4,413	3,883	5,512
SGD	202	-	-
	4,615	3,883	5,512
Cash and short-term deposits			
USD	1,460	1,243	1,597
Trade payables			
USD	(243)	(166)	(195)
SGD	(3)	(109)	(115)
	(246)	(275)	(310)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to USD and SGD.

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

	Change in rate	Effect on profit and equity for the financial year/period RM'000
Audited		
As at 31 December 2016		
USD	+5%	214
	-5%	(214)
SGD	+5%	8
	-5%	(8)
Audited		
As at 31 December 2017		
USD	+5%	188
	-5%	(188)
SGD	+5%	(4)
	-5%	4
Audited		
As at 30 June 2018		
USD	+5%	263
	-5%	(263)
SGD	+5%	(4)
	-5%	4

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates. The Group's policy to manage its interest rate risk is by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The Management does not enter into interest rate hedging transactions as the cost of such instruments outweighs the potential risk of interest rate fluctuation.

The Group's exposure to interest rate risk arises primarily from its loans and borrowings.

The information on effective interest rate of financial assets and liabilities are disclosed in their respective notes.

Sensitivity analysis for interest rate risk

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

	Change in basis points	Effect on profit and equity for the financial year/period RM'000
Audited		
31 December 2016	+ 50	(4)
	- 50	4
Audited		
31 December 2017	+ 50	(3)
	- 50	3
Audited		
30 June 2018	+ 50	(1)
	- 50	1

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value measurement

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

Other long term financial assets and liabilities are reasonable approximation of fair value because they are floating rate instruments which are re-priced to market interest rates or estimated by discounting future cash flows using current lending rates for similar types or arrangements.

It is not practical to determine the fair value of finance lease liabilities which are at fixed rate due to lack of market information of comparable instruments with similar characteristic and risk profile.

Policy on transfer between levels

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

During the financial period, there was no transfer between the faiir value measurement hierarchy.
(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
(ii) Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Transfer between Level 1 and Level 2
There has been no transfer between Level 1 and Level 2 fair values during the financial periods.

(iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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27. RELATED PARTIES

(a) Identification of related parties

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

Related parties of the Group include:

(i) Key management personnel of the company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities or indirectly.

(b) Significant related party transactions

There are no significant related party transactions other than disclosed elsewhere in the financial statements.

(c) Compensation of key management personnel

	Audited		Unaudited	Audited
	FYE 31 December		FPE 30 June	
	2016	2017	2017	2018
	RM'000	RM'000	RM'000	RM'000
Directors' fee	48	48	24	24
Directors' other emoluments	861	992	562	530
Salaries, allowances and bonuses	496	563	300	401
Defined contribution plan	60	72	36	47
Other staff related expenses	2	3	1	2
	1,467	1,678	923	1,004

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

28. CAPITAL MANAGEMENT

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

The Group monitors capital using gearing ratio. The gearing ratio is calculated as total debts divided by equity attributable to the owners of the Group. The gearing ratio as at December 2016, 31 December 2017 and 30 June 2018 are as follows:

		Audited		
		As at 31 December		As at 30 June
		2016	2017	2018
	Note	RM'000	RM'000	RM'000
Loans and borrowings	14	2,917	1,210	1,051
Trade and other payables	18	7,130	10,227	4,483
Total debts		10,047	11,437	5,534
Total equity		19,235	24,082	31,146
Gearing ratio (times)		0.52	0.47	0.18

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

The Group is not subject to externally imposed capital requirements.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

29. SEGMENT INFORMATION

Geographical information

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

	Revenue RM'000
31 December 2016	
Malaysia	7,899
South Korea	-
Hong Kong	1,248
China	2,919
Germany	-
Philippines	10,705
Others	1,164
	23,935
31 December 2017	
Malaysia	13,943
Hong Kong	4,211
China	6,286
Philippines	5,231
Others	1,005
	30,676
30 June 2017	
Malaysia	4,719
Hong Kong	554
China	2,409
Philippines	5,732
Others	599
	14,013
30 June 2018	
Malaysia	9,737
South Korea	2,385
Hong Kong	2,006
China	1,906
Germany	526
Philippines	161
Others	845
	17,566

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

29. SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

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

Information about major customers

Revenue from two customers represented approximately RM9.06 million (31.12.2016: RM16.93 million and 31.12.2017: RM19.98 million) of the Group's total revenue.

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STATEMENT BY DIRECTORS

We, **GOON KOON YIN** and **WONG YIH HSOW**, being two of the directors of TT VISION HOLDINGS SDN. BHD., do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 2 to page 82 are drawn up in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial positions of TT Vision Holdings Sdn. Bhd. as at 31 December 2016, 31 December 2017 and 30 June 2018 and of their financial performance and cash flows for the financial years/period then ended.

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

....
GOON KOON YIN
Director

....
WONG YIH HSOW
Director

Date: 17 October 2018

BAKER TILLY

Baker Tilly Monteiro Heng
Chartered Accountants (AF0117)
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INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF TT VISION HOLDINGS SDN. BHD.
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Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements contained of TT Vision Holdings Sdn. Bhd., which comprise of the combined statements of financial position of TT Vision Holdings Sdn. Bhd., TT Vision Technologies Sdn. Bhd. and its wholly-owned subsidiary, TT Innovation Sdn. Bhd. (the "TTVHSB Group" or the "Group") as at 31 December 2017, 31 December 2018 and 30 June 2018, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years/period ended 31 December 2016, 31 December 2017 and 30 June 2018, and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages 1 to 82.

In our opinion, the accompanying combined financial statements gives a true and fair view of the combined financial position of TT Vision Holdings Sdn. Bhd. as at 31 December 2016, 31 December 2017 and 30 June 2018 and of their combined financial performance and their combined cash flows for the financial years/period then ended in accordance with the 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 are independent of TT Vision Holdings Sdn. Bhd. and 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BAKER TILLY

Company No. 1273046-H

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF TT VISION HOLDINGS SDN. BHD.
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Responsibilities of the Directors for the Combined Financial Statements

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

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

The directors of TT Vision Holdings Sdn. Bhd. are responsible for overseeing the Group's financial reporting process.

Reporting Accountants' Responsibilities for the Audit of 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 auditor's 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 the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

BAKER TILLY

Company No. 1273046-H

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF TT VISION HOLDINGS SDN. BHD.
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Reporting Accountants' Responsibilities for the Audit of Combined Financial Statements (continued)

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

Other Matters

This report is made solely to the directors of the Company and to comply with the LEAP Market Listing Requirements issued by the Bursa Malaysia Securities Berhad and for inclusion in the Information Memorandum of TT Vision Holdings Sdn. Bhd. in connection with the proposed listing and quotation of its entire issued and paid-up share capital of TT Vision Holdings Sdn. Bhd. on the LEAP Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng	Dato' Lock Peng Kuan
No. AF 0117	No. 02819/10/2020 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur

Date: 17 October 2018