INFORMATION MEMORANDUM

FOR RESTRICTED CIRCULATION ONLY

MMIS BERHAD
(formerly known as MMIS Sdn Bhd)
(Company No. 1315395-W)
(Incorporated in Malaysia under the Companies Act, 2016)

PROPOSED EXCLUDED ISSUE OF UP TO 50,000,000 NEW ORDINARY SHARES IN MMIS BERHAD (FORMERLY KNOWN AS MMIS SDN BHD) AT AN INDICATIVE ISSUE PRICE OF RM0.10 PER SHARE IN CONJUNCTION WITH MMIS BERHAD'S (FORMERLY KNOWN AS MMIS SDN BHD) PROPOSED LISTING ON THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD

APPROVED ADVISER, CUSTODIAN AND PLACEMENT AGENT

sierac
corporate advisers

SIERAC CORPORATE ADVISERS SDN BHD
(Company No. 515853-A)

THIS INFORMATION MEMORANDUM IS DATED 28 JUNE 2019

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

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET AND MAIN MARKET OF 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 US. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN US AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

IMPORTANT NOTICE

NO PERSON IS AUTHORISED IN CONNECTION WITH OUR PROPOSED EXCLUDED ISSUE (AS DEFINED HEREIN) AND PROPOSED LISTING (AS DEFINED HEREIN) TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS INFORMATION MEMORANDUM, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY MMIS BERHAD (FORMERLY KNOWN AS MMIS SDN BHD) ("MMIS" OR "COMPANY") OR SIERAC CORPORATE ADVISERS SDN BHD ("SCA") AS OUR APPROVED ADVISER, CUSTODIAN AND PLACEMENT AGENT.

THE PURPOSE OF THIS INFORMATION MEMORANDUM IS TO PROVIDE INFORMATION ON THE BUSINESS AND AFFAIRS OF OUR COMPANY AND SUBSIDIARY (COLLECTIVELY DEFINED AS "GROUP") ONLY. THIS INFORMATION MEMORANDUM DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO SUBSCRIBE FOR OR PURCHASE, OR SOLICITATION OF ANY OFFER TO SUBSCRIBE FOR OR PURCHASE OUR SHARES (AS DEFINED HEREIN), NOR IS IT INTENDED TO INVITE OR PERMIT THE MAKING OF OFFERS BY THE PUBLIC TO SUBSCRIBE FOR OR PURCHASE OUR SHARES.

THIS INFORMATION MEMORANDUM IS INTENDED FOR CIRCULATION ONLY TO PERSONS WHOM AN INVITATION TO SUBSCRIBE FOR OR PURCHASE SECURITIES OR AN ISSUE OF SECURITIES WOULD CONSTITUTE AN EXCLUDED ISSUE WITHIN THE MEANINGS OF SECTION 230 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA").

THE DISTRIBUTION OF THIS INFORMATION MEMORANDUM AND THE OFFERING OF OUR SHARES MAY, IN CERTAIN JURISDICTIONS, BE RESTRICTED BY LAW. WE REQUIRE PERSONS WHOSE POSSESSION THIS INFORMATION MEMORANDUM COMES INTO, TO INFORM THEMSELVES OF AND OBSERVE ALL SUCH RESTRICTIONS.

Our Board of Directors and Promoters (as defined herein), having made all reasonable enquiries, accept responsibility for, and confirm that this Information Memorandum contains all relevant information with regards to our Group which is material in the context of our Proposed Excluded Issue and Proposed Listing as at the date hereof, that the information contained in this Information Memorandum is true and accurate in all material respects and is not misleading as at the date hereof and that there are no other facts the omission of which would, in the context our Proposed Excluded Issue and Proposed Listing, make this Information Memorandum as a whole or any information herein misleading in any material respects.

SCA, being our Approved Adviser, Custodian and Placement Agent 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 Excluded Issue and Proposed Listing.

Our Shares are offered to Sophisticated Investors (as defined herein) on the premise of full and accurate disclosure of all material information concerning our Proposed Excluded Issue, for which any person set out in Section 236 of the CMSA is responsible.

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

A copy of this Information Memorandum has been deposited with the Securities Commission Malaysia ("**SC**"). Each recipient ("**Recipient**") of this Information Memorandum acknowledges and agrees that the SC and Bursa Malaysia Securities Berhad ("**Bursa Securities**") take no responsibility for the contents of this Information Memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Information Memorandum.

Our Proposed Excluded Issue is subject to the receipt of an approval-in-principle for our Proposed Listing from Bursa Securities, who make no assessment on the suitability, viability or prospects of our Company or the merits of investing in our shares. Sophisticated Investors (as defined herein) are expected to make their own assessment on our Company or seek appropriate advice before making their investment decisions. SCA, as our Approved Adviser, has assessed the suitability of our Company for admission to the LEAP Market as required under Rule 4.10 of Bursa Securities' LEAP Market Listing Requirements. **YOU SHALL BE SOLELY RESPONSIBLE FOR YOUR INVESTMENT DECISION, AND SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF AN INVESTMENT IN OUR COMPANY, AND SHOULD CONSULT TO THE EXTENT NECESSARY, YOUR OWN LEGAL, FINANCIAL, TAX, ACCOUNTING AND/OR OTHER PROFESSIONAL ADVISERS IN THIS RESPECT PRIOR TO ANY INVESTMENT IN OUR COMPANY.**

MODE OF COMMUNICATION

In accordance with the Constitution of our Company, we may send notices and documents to our securities holders ("**Holders**") by electronic means to the Holders' registered email address last maintained with either our Company Secretary or Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**"), as the case may be. Our Holders have a right to request for a hard copy of the notices and documents should they wish to do so. In such event, we will forward a hard copy of the notices and documents to the Holders, as soon as reasonably practicable after the receipt of the request, free of charge by ordinary mail to the Holders' registered Malaysian address last maintained with either our Company Secretary or Bursa Depository, as the case may be, at their own risk.

We may also publish notices and documents on our website as a form of electronic communication with our Holders. In such event, we will separately and immediately notify our Holders by way of any of the following:

(i) ordinary mail;

(ii) electronic means to the Holders' registered email address;

(iii) advertisements in an English daily newspaper in Malaysia; and/or

(iv) announcements on Bursa Securities.

TERMS AND CONDITIONS BINDING ALL RECIPIENTS

By accepting this Information Memorandum, you hereby agree and undertake to be bound by the following terms and conditions:

1. This Information Memorandum is issued by our Company and distributed by us as well as SCA. The distribution of this Information Memorandum shall be in paper/printed copy and/or electronic copy upon request by interested Recipients, free of charge. This Information Memorandum is distributed to interested Recipients for information purposes only and upon the express understanding that such Recipients will use it only for the purposes set forth below.

2. The information contained in this Information Memorandum, including any statement or fact or opinion, is solely for use by a limited number of prospective Sophisticated Investors for the purpose of evaluating their interest in investing in our Company ("**Proposed Investment**"). Nothing contained herein shall be taken as a recommendation or invitation by us and/or SCA to undertake the Proposed Investment or as a commitment on our part to accept your Proposed Investment.

3. We and SCA each reserve the right (without notice or recourse) to alter, amend, terminate or suspend the process in respect of the Proposed Investment ("**Investment Process**") without providing any reason therefor. All costs incurred by you during the Investment Process are for your account only and under no circumstances will we or SCA be responsible for any part of such costs, notwithstanding any alteration, amendment, termination or suspension of the Investment Process or the reasons thereof.

4. Any documents in relation to our Proposed Excluded Issue and Proposed Listing published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum.

5. Subject to the provisions of any laws, regulations and guidelines ("**Applicable Laws**"), we and SCA each reserve the right to negotiate with one or more prospective Sophisticated Investors at any time. Subject to the Applicable Laws, we and SCA each also reserve the right (without notice or recourse) to terminate, at any time, further participation in the Investment Process by all or any Recipients without assigning any reasons thereof.

6. Neither the receipt of this Information Memorandum by any Recipient nor any information made available in connection with the Proposed Investment is to be taken as constituting the giving of investment advice by SCA. SCA shall not advise you on the merits or risks of the Proposed Investment or potential valuations for the Proposed Investment.

7. This Information Memorandum may not be distributed in any jurisdiction outside Malaysia except in accordance with the legal requirements applicable in such jurisdiction. No Recipient in any jurisdiction outside Malaysia may take any action upon this Information Memorandum if, in the relevant jurisdiction, such action cannot be taken by the Recipient without contravention of any relevant legal requirements. It is the sole responsibility of any Recipient wishing to take any action upon this Information Memorandum to satisfy themselves as to the full observance of the laws of the relevant jurisdiction and/or Malaysia in connection therewith, including without limitation, the receipt of the shares in our Company ("**Shares**") or cash payments upon the sale of our Shares by the Recipients, the repatriation of any money by the Recipients out of Malaysia, the obtaining of any governmental, exchange control or other consents which may be required, and the payment of any tax or duty due in such jurisdiction. Such Recipients shall consult their professional advisers in relation to the observance of the relevant legal requirements and shall be responsible for the payment of any tax or other requisite payment due in such jurisdiction, and we and SCA shall be entitled to be fully indemnified by such Recipients for any tax or payment as the Recipients may be required to pay.

8. This Information Memorandum has not been made and will not be made to ensure that our Excluded Issue complies with the laws of any jurisdiction other than Malaysia. We and SCA shall not accept any responsibility or liability in the event that any action taken by any Recipient in any jurisdiction outside Malaysia is or shall become illegal, unenforceable, voidable or void in such jurisdiction. Such Recipients shall therefore immediately consult their professional advisers in relation to the observance of the relevant legal requirements, and shall be responsible for the payment of any tax or other requisite payment due in such jurisdiction, and shall keep us and SCA fully indemnified for the payment of such taxes or payments.

PRIVACY NOTICE

The Personal Data Protection Act 2010 ("**PDPA"**) was introduced to regulate the processing of personal data in commercial transactions. The PDPA requires us to inform you of your rights in respect of your personal data that is to be collected and processed by us.

Consequently, please be informed that the personal data and other information (collectively, "**Personal Data**") that you provide will be used and processed by us in connection with our Proposed Excluded Issue only ("**Purpose**"), and not for any other purpose.

If required for the Purpose, you hereby give consent that your Personal Data may be transferred to locations outside Malaysia or disclosed to the relevant authorities, our related corporations or our vendor, agent, contractor, service provider, consultant or adviser who provide services to us, including our Placement Agent, which may be located within or outside Malaysia. Save for the foregoing, your Personal Data will not be knowingly transferred to any place outside Malaysia or be knowingly disclosed to any other third party.

Without prejudice to the terms and conditions of our Proposed Excluded Issue as contained in this Information Memorandum, you may at any time hereafter make inquiries, complaints and, upon payment of a prescribed fee, request in writing for access to, or correction of, your Personal Data or limit the processing of your Personal Data (as described above) by submitting such request to the following:

Postal address	:	**MMIS Berhad** (formerly known as MMIS Sdn Bhd) 26-1, Lorong Tiara 1A Bandar Baru Klang 41150 Klang Selangor

Kindly be informed that we will assume that you have consented and we will continue to process your Personal Data in accordance with this Privacy Notice unless we hear otherwise from you. You may exercise your rights in respect of your Personal Data in the manner described above.

This Privacy Notice may be amended from time to time and would be in effect on the date as determined by us. Any amendment to this Privacy Notice shall be published on any medium as we deem fit.

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CONTENTS *(cont'd)*

PROPOSED EXCLUDED ISSUE SUMMARY

	Minimum Scenario		Maximum Scenario	
	No. of Shares	**RM**	**No. of Shares**	**RM**
Issued share capital as at 28 June 2019	450,000,000	10,000,002	450,000,000	10,000,002
New Shares to be issued pursuant to our Proposed Excluded Issue ("**Issue Shares**")	20,000,000	2,000,000	50,000,000	5,000,000
Enlarged issued share capital upon our Proposed Listing	470,000,000	12,000,002	500,000,000	15,000,002
Percentage of enlarged share capital represented by the Issue Shares		4.26%		10.0%
Indicative issue price per Issue Share (RM)		0.10		0.10
Gross proceeds to be raised under our Proposed Excluded Issue		2,000,000		5,000,000
Market capitalisation at the indicative issue price upon our Proposed Listing		47,000,000		50,000,000

UTILISATION OF PROCEEDS

We intend to use the gross proceeds from our Proposed Excluded Issue as follows:

			Minimum Scenario		Maximum Scenario	
Description		**Estimated timeframe for utilisation upon our Proposed Listing**	**RM'000**	%	**RM'000**	%
(a)	Capital expenditure	Within 24 months	1,100	55.0	2,000	40.0
(b)	Working capital	Within 12 months	-	-	2,000	40.0
(c)	Estimated expenses	Immediate	900	45.0	1,000	20.0
Total			2,000	100.0	5,000	100.0

INDICATIVE TIMETABLE

The indicative timetable for our Proposed Excluded Issue is set out below for your reference:

Date of this Information Memorandum	28 June 2019
Allotment of Issue Shares	August 2019*
Proposed Listing of our Company on the LEAP Market	August 2019*

Note:

* *Subject to receipt of approval-in-principle from Bursa Securities for our Proposed Listing. An announcement for the key relevant dates will be made after obtaining Bursa Securities' approval-in-principal for our Proposed Listing.*

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “our Company” and “MMIS” in this Information Memorandum are to MMIS Berhad (formerly known as MMIS Sdn Bhd), while references to “we”, “us”, “our” and “ourselves” are to our Company, our Group or any member of our Group as the context requires. Unless the context otherwise requires, references to “Management” are to our Directors and our key management personnel as disclosed in this Information Memorandum and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” section of this Information Memorandum. Words denoting the singular will, where applicable include the plural and vice versa and words denoting the masculine gender will, where applicable, include the feminine and neuter genders and vice versa. Reference to persons will include companies and corporations.

References to dates and times in this Information Memorandum are references to dates and times in Malaysia.

In particular, certain information in this Information Memorandum is extracted or derived from the report prepared by Providence Strategic Partners Sdn Bhd, an independent market research consulting firm. The statistical data and projections cited in this Information Memorandum may help Sophisticated Investors to understand the major trends in the industry in which we operate. Sophisticated Investors should not place undue reliance on the statistical data cited in this Information Memorandum. Similarly, third party projections cited herein are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and Sophisticated Investors should not place undue reliance on the third party projections cited in this Information Memorandum.

Sophisticated Investors should not rely on the information on our website or any website directly or indirectly linked to our website as it does not form part of this Information Memorandum.

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

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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 condition, 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 or 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 Sophisticated Investors 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 - Risk Factors and Section 9 - Management Discussion and Analysis of this Information Memorandum. We cannot give any assurance that the forward-looking statements made in the Information Memorandum will be realised.

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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DEFINITIONS

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

Act	:	Companies Act, 2016
Board	:	Board of Directors of MMIS
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CAGR	:	Compound annual growth rate
China or **PRC**	:	People's Republic of China
CMSA	:	Capital Markets and Services Act 2007
CNC	:	Computer numerical control
Constitution	:	Constitution of MMIS
Director	:	A natural person who holds directorship in our Company and has the meaning given in Section 2 of the Act and Section 2(1) of the CMSA
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
EPS	:	Earnings per Share
E&E	:	Electrical and electronic
FPE	:	Financial period ended
FYE	:	Financial year ended/ending, as the case may be
GP	:	Gross profit
HS Engineering & Industrial	:	HS Engineering & Industrial Sdn Bhd
ICPS	:	1,000,000 new irredeemable convertible preference shares in MMI issued to the Subscribers for RM1,000,000 on 25 March 2019
IMR Report	:	Independent market research report prepared by Providence as set out in Section 5 of this Information Memorandum
Information Memorandum	:	This Information Memorandum dated 28 June 2019 in relation to our Proposed Excluded Issue and Proposed Listing
Issue Price	:	RM0.10 per Issue Share, being the indicative price at which each Issue Share is to be issued
Issue Shares	:	New Shares to be issued pursuant to the Proposed Excluded Issue
LEAP Market	:	LEAP Market of Bursa Securities
Listing Requirements	:	LEAP Market Listing Requirements of Bursa Securities
LPD	:	31 May 2019, being the latest practicable date prior to the date of this Information Memorandum
Market Day	:	Any day between Mondays and Fridays (both days inclusive) which is not a public holiday and on which Bursa Securities is open for trading of securities
Minimum Scenario	:	Assuming 20,000,000 Issue Shares are issued pursuant to the Proposed Excluded Issue, being the minimum number of Issue Shares that would be allotted and issued to the Sophisticated Investors for MMIS to proceed with the Proposed Listing

Maximum Scenario	:	Assuming 50,000,000 Issue Shares are issued pursuant to the Proposed Excluded Issue, being the maximum number of Issue Shares that would be allotted and issued to the Sophisticated Investors for MMIS to proceed with the Proposed Listing
MMIS or **Company**	:	MMIS Berhad (formerly known as MMIS Sdn Bhd) (1315395-W)
MMIS Group or **Group**	:	Collectively, MMIS and our subsidiary
MMIS Shares or **Shares**	:	Ordinary shares in MMIS
Multi Mould Supply	:	Multi Mould Supply Sdn Bhd
NA	:	Net assets
Official List	:	The list specifying all securities listed on Bursa Securities
PAT	:	Profit after tax or Profit for the year/period, as the case may be
PBT	:	Profit before tax
Pre-listing Reorganisation	:	Subscription of the ICPS by the Subscribers on 25 March 2019, conversion of ICPS into 16,600 ordinary shares in MMI on 22 April 2019 and acquisition of entire equity interest in MMI by MMIS via a conditional share sale agreement dated 21 May 2019
Proposed Excluded Issue	:	Proposed issue of up to 50,000,000 Issue Shares at the Issue Price to Sophisticated Investors within the meaning of Section 230 of the CMSA. In this regard, MMIS may proceed with the Proposed Listing when the Minimum Scenario is met or any amount in excess of 20,000,000 Issue Shares are allotted and issued to the Sophisticated Inventors as the Shareholding Spread Requirement would have been met
Proposed Listing	:	Proposed admission to the Official List and the listing of and quotation for our entire enlarged share capital of up to RM15,000,002 comprising of up to 500,000,000 Shares on the LEAP Market of Bursa Securities
Promoters	:	Collectively, Loh Chin Soon, Low Oo Seng and Loh Chin Siang
Providence	:	Providence Strategic Partners Sdn Bhd (1238910-A), being the Independent Market Researcher
Public	:	All persons or members of the public but excluding Directors of our Group, our substantial shareholders and persons associated with them (as defined in the Listing Requirements)
QC	:	Quality control
RM and **sen**	:	Ringgit Malaysia and sen, respectively
SC	:	Securities Commission Malaysia
SCA	:	Sierac Corporate Advisers Sdn Bhd (515853-A), being the Approved Adviser, Custodian and Placement Agent for our Proposed Excluded Issue and Proposed Listing
Shareholding Spread Requirement	:	The requirement pursuant to Rule 3.03 of the Listing Requirements that MMIS must have at least 10% of the total number of its Shares for which listing is sought in the hands of Public shareholders at admission to the Official List of Bursa Securities
SME	:	Small and medium-sized enterprise
Sophisticated Investors	:	Investors who fall within Part I of Schedule 7 of the CMSA

DEFINITIONS *(cont'd)*

Subscribers	:	Subscribers of the ICPS who on 22 April 2019 converted their ICPS into 16,600 ordinary shares, collectively in MMI
Sqft	:	Square foot/feet, as the case may be
Sqm	:	Square meters
USA or **United States**	:	United States of America
USD	:	United States Dollar, being the lawful currency of the USA

<u>Subsidiary of MMIS</u>

MMI	:	Multi Mould Industries Sdn Bhd (381942-V), a wholly-owned subsidiary

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS	:	Loh Chin Soon *Managing Director* Loh Chin Siang *Executive Director* Low Oo Seng *Executive Director*
REGISTERED OFFICE	:	26-1, Lorong Tiara 1A Bandar Baru Klang 41150 Klang Selangor Tel No. : +6016 203 1098 Fax No. : +603 3362 6388
HEAD OFFICE	:	MMIS Berhad (formerly known as MMIS Sdn Bhd) (1315395-W) PT 14495, Persiaran Batu Gajah Perdana 4 Kawasan Perindustrian Batu Gajah Perdana 31000 Batu Gajah Perak Tel No. : +605 362 1388 Fax No. : +605 362 1388 Website address : www.mmisb.com E-mail address : info@mmisb.com
COMPANY SECRETARY	:	Bernard Lim Boon Siang (MACS01153) 26-1, Lorong Tiara 1A Bandar Baru Klang 41150 Klang Selangor Tel No. : +6016 203 1098 Fax No. : +603 3362 6388
APPROVED ADVISER, CUSTODIAN AND PLACEMENT AGENT	:	Sierac Corporate Advisers Sdn Bhd (515853-A) Unit 12-09, Menara 1MK, Kompleks 1 Mont' Kiara No.1, Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Wilayah Persekutuan (KL) Tel No. : +603 2389 3697 Fax No. : +603 6201 0062
AUDITORS AND REPORTING ACCOUNTANTS	:	KPMG PLT (LLP0010081-LCA & AF 0758) Level 17, Ipoh Tower Jalan Dato' Seri Ahmad Said 30450, Ipoh Perak Tel No. : +605 253 1188 Fax No. : +605 255 8818
LEGAL ADVISER	:	Peter Ling & van Geyzel B-19-4, Tower B, Northpoint Office Suites Mid Valley City, No. 1 Medan Syed Putra Utara 59200 Kuala Lumpur Wilayah Persekutuan (KL) Tel No. : +603 2282 3080 Fax No. : +603 2201 9880

1. CORPORATE DIRECTORY *(cont'd)*

SHARE REGISTRAR	:	Securities Services (Holdings) Sdn Bhd (36869-T) Level 7, Menara Milenium Jalan Damanlela, Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Wilayah Persekutuan (KL) Tel No. : +603 2084 9000 Fax No. : +603 2094 9940, +603 2095 0292
INDEPENDENT MARKET RESEARCHER	:	Providence Strategic Partners Sdn Bhd (1238910-A) 67-1, Block D, Jaya One No. 72A, Jalan Universiti, 46200 Petaling Jaya Selangor Tel No. : +603 7625 1769
INDEPENDENT INTERNAL CONTROL AND RISK MANAGEMENT CONSULTANTS	:	Insight Advisory Services Sdn Bhd (1072002-A) 22 Jalan 1/64 Off Jalan Kolam Air 51200 Kuala Lumpur Wilayah Persekutuan (KL) Tel No. : +603 4048 2888 Fax No : +603 4048 2999
PRINCIPAL BANKERS	:	Malayan Banking Berhad Ipoh Business Centre 2nd Floor, 194-206 Jalan Sultan Idris Shah, 30000 Ipoh Perak Tel No. : +605 245 3882 Fax No : +605 243 5723
	:	Maybank Islamic Berhad Ipoh Business Centre 2nd Floor, 194-206 Jalan Sultan Idris Shah, 30000 Ipoh Perak Tel No. : +605 245 3882 Fax No. : +605 243 5723
LISTING SOUGHT	:	LEAP Market of Bursa Securities

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2. DETAILS OF OUR PROPOSED LISTING

2.1 Listing scheme

2.1.1 Proposed Excluded Issue

Pursuant to our Proposed Listing, we intend to issue up to 50,000,000 Issue Shares, representing up to 10.0% of our enlarged issued share capital at RM0.10 per Issue Share to Sophisticated Investors within the meaning of Section 230 of the CMSA.

In accordance with Rule 3.10 of the Listing Requirements:

(i) we undertake to open a trust account with a financial institution licensed by Bank Negara Malaysia ("**Trust Account**") where all monies received from the Sophisticated Investors pursuant to subscription of shares will be deposited into the Trust Account jointly operated by both our Company and SCA;

(ii) both SCA and ourselves undertake that all monies deposited in the Trust Account will not be withdrawn until the date of our Proposed Listing; and

(iii) we undertake to repay without interest all monies received from the Sophisticated Investors if:

(a) our Proposed Listing does not take place within 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

(b) we abort our Proposed Listing.

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 that period or such other rate as Bursa Securities may prescribe.

2.1.2 Basis of arriving at the Issue Price

Our Board, together with SCA, had determined and agreed on the Issue Price of RM0.10 per Share after taking into consideration the following factors:

(a) our competitive strengths as set out in Section 4.4 of this Information Memorandum;

(b) our business strategies and future plans and prospects as set out in Sections 4.12 and 4.13 of this Information Memorandum;

(c) our Group's proforma EPS of approximately 0.88 sen based on our audited PAT of RM4.11 million[i] for the FYE 30 June 2018 and our enlarged number of issued shares of 470,000,000 Shares which translate into a price-to-earnings multiple of approximately 11.42 times under the Minimum Scenario;

(d) our Group's proforma EPS of approximately 0.82 sen based on our audited PAT of RM4.11 million[i] for the FYE 30 June 2018 and our enlarged number of issued shares of 500,000,000 Shares which translate into a price-to-earnings multiple of approximately 12.15 times under the Maximum Scenario; and

(e) our Group's proforma NA per Share of approximately 2.29 sen based on our proforma NA of RM10.29[ii] million as at 31 December 2018 and our existing number of issued shares of 450,000,000 prior to the Proposed Excluded Issue.

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

Prior to our Proposed Listing, there was no public market for our Shares within or outside Malaysia. You should note that the market price of our Shares subsequent to our Proposed Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares being traded. You are reminded to carefully consider the risk factors as 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.

Notes:

(i) Based on audited PAT of MMI of RM4.11 million for the FYE 30 June 2018.

(ii) Based on the proforma NA of our Group of RM10.29 million after taking into consideration the Pre-listing Reorganisation. MMI made a PAT of RM2.63 million for the 6-month FPE 31 December 2018.

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

2.1.3 Utilisation of proceeds

Based on the Issue Price, we expect to raise gross proceeds of up to RM5.0 million from our Proposed Excluded Issue, which are intended to be utilised in the following manner:

			Minimum Scenario		**Maximum Scenario**	
Description		**Estimated timeframe for utilisation upon our Proposed Listing**	**RM'000**	%	**RM'000**	%
(a)	Capital expenditure	Within 24 months	1,100	55.0	2,000	40.0
(b)	Working capital	Within 12 months	-	-	2,000	40.0
(c)	Estimated expenses	Immediate	900	45.0	1,000	20.0
Total			2,000	100.0	5,000	100.0

Further details of the utilisation of our Proposed Excluded Issue proceeds are as set out below:

(a) Capital expenditure

In line with our business plan expansion as set out in Section 4.12 of this Information Memorandum, our Company intends purchase 4 additional machines. As at the LPD, our Group has 24 machines at its current production facility comprising 9 CNC machines and 15 ancillary machines.

The purchase of the 4 additional machines would enable our Group to further expand its product range/ offerings to existing customers, acquire new customers and target new market segment as well as improve its production efficiency. We plan to construct a new facility which will be connected to our existing production facility to cater for the expansion of our production capacity.

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

Our Company has identified, and intends to purchase the following 4 additional machines:

Type of machine	Function	Units	Total estimated cost (RM'000)
CNC machines	Machines for milling the surface of workpieces. These machines serve mainly to upgrade/increase our current production capacity utilisation rate.	2	1,200
Grinding machine	Machine for producing high quality surface finishes, and high accuracy of shape and dimension. The additional grinding machine would enable us to meet the higher precision requirements (such as the thinness, flatness and parallelism (i.e., bottom and top surface to be parallel) of our customers.	1	400
CNC turret punch press	Punch press for shaping sheet metals by way of punching. This machine would support our sheet metal process as our Group currently does not have this type of CNC machine. Thus, by purchasing this machine, our Group would be able to accept orders from customers that require such machining/fabrication.	1	1,000
			2,600

Notes:

(i) Our Company intends to purchase 2 units of CNC machines at an estimated cost of RM600,000 per machine. These machines would be purchased when the new facility is completed as they would be placed there.

(ii) The grinding machine is expected to be purchased by the 3rd quarter of year 2019 and placed in the existing production facility.

(iii) The CNC turret punch press machine is also expected to be purchased by the 3rd quarter of year 2019 and placed in the existing production facility.

The cost of the additional machines to be acquired is estimated at RM2.60 million.

Under the Minimum Scenario, RM1.10 million from the proceeds of the Proposed Excluded Issue shall be utilised to fund the cost of the additional machines while the remaining RM1.50 million or any amount in excess of RM1.10 million shall be funded via bank borrowings and/or internally generated funds.

Under the Maximum Scenario, RM2.0 million from the proceeds of the Proposed Excluded Issue shall be utilised to fund the cost of the additional machines while the remaining RM600,000 or any amount in excess of RM2.0 million shall be funded via bank borrowings and/or internally generated funds.

In the event any of the above capital expenditure is incurred by the Group before the receipt of the proceeds from the Proposed Excluded Issue, such amount of proceeds for capital expenditure would be re-allocated for the Group's working capital purposes. In addition, any surplus or shortfall allocated for capital expenditure will be utilised for working capital purposes or adjusted from it accordingly.

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

(b) Working capital

As set out in Section 4.12 of the Information Memorandum, our production capacity presently operates at an average utilisation rate of approximately 73% while our production floor space is fully utilised.

With the increase in production floor space and the 4 additional machines to be acquired, we expect to increase our production capacity utilisation rate as well.

Our Group will gradually increase its workforce and inventory levels to cater for the increased capacity. In view that our production floor space is fully utilised, we would need to rent a warehouse/storage place while awaiting the completion of the new facility.

Under the Minimum Scenario, none of the proceeds have been allocated for working capital purposes.

Under the Maximum Scenario, the breakdown of working capital is as follows:

Item		**Amount (RM'000)**
(i)	Salaries for machinists	290
(ii)	Payment to trade creditors for the purchase of raw materials	1,650
(iii)	Rental of warehouse/storage place	60
Total		**2,000**

Notes:

(i) *Our Group intends to recruit 10-12 experienced machinists to facilitate the increase in operating capacity. Computed based on an estimated monthly salary of RM2,000 per machinist for 12 machinists for a 12-month period.*

(ii) *With the increased operating capacity, our sales are expected to increase in tandem. Thus, our Group expects to purchase additional raw materials such as aluminium and steel.*

(iii) *Our Group intends to rent a warehouse/storage place of approximately 5,000 sqft. Computed based on an estimated monthly rental of RM5,000 for a 12-month period.*

(c) Estimated expenses

The proceeds allocated for the estimated expenses of the Proposed Excluded Issue include professional fees, fees payable to relevant authorities and other miscellaneous expenses in relation to the Proposed Excluded Issue and Proposed Listing.

The breakdown of estimated expenses is as follows:

Item		**Minimum Scenario Amount (RM'000)**	**Maximum Scenario Amount (RM'000)**
(i)	Professional and placement fees	750	850
(ii)	Fee to authorities	20	20
(iii)	Printing, advertisement and/or investor relations, miscellaneous expenses (such as travelling costs and other out-of-pocket expenses) and contingencies	130	130
Total		**900**	**1,000**

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

Note:

(i) Being fees payable to the Approved Adviser, Legal Adviser, Auditors and Reporting Accountants, Independent Market Researcher, Independent Internal Control and Risk Management Consultant, Company Secretary and Share Registrar.

The variance of RM0.10 million is attributable to lower placement fee as there would be lesser Shares being allotted and issued to the Sophisticated Investors under the Minimum Scenario.

Any surplus or shortfall allocated for the estimated expenses will be utilised for working capital purposes or adjusted from it accordingly.

In the event that the actual amounts vary from the above estimates (including the total gross proceeds to be raised from our Proposed Excluded Issue which is dependent on the actual issue price as well as number of Shares to be allotted and issued), the excess or deficit, as the case may be, would be reallocated to/from the amount earmarked for working capital (i.e., for payments to trade creditors for the purchase of raw materials).

Pending the utilisation of proceeds for the abovementioned purposes, the proceeds, save for the estimated expenses for the Proposed Excluded Issue of up to RM1.0 million, will be placed in short term deposits with licensed financial institutions and/or short-term money market instruments. Any interest income arising therefrom will be used for working capital purposes.

2.1.4 Listing on Bursa Securities

Our Proposed Listing is subject to the receipt of an approval-in-principle from Bursa Securities. Thus, we have concurrently 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 up to RM15,000,002 comprising up to 500,000,000 Shares on the LEAP Market of Bursa Securities and are awaiting Bursa Securities' decision.

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

2.2 Share capital

	Minimum Scenario		Maximum Scenario	
	No. of Shares	**RM**	**No. of Shares**	**RM**
Issued share capital as at 28 June 2019	450,000,000	10,000,002	450,000,000	10,000,002
New Shares to be issued pursuant to our Proposed Excluded Issue	20,000,000	2,000,000	50,000,000	5,000,000
Enlarged issued share capital upon our Proposed Listing	470,000,000	12,000,002	500,000,000	15,000,002
Issue Price per Issue Share		0.10		0.10
Market capitalisation at the Issue Price upon our Proposed Listing		47,000,000		50,000,000

We have only one class of shares in our Company, namely ordinary shares. The Issue Shares will, upon allotment and issuance, rank *pari-passu* in all respects with our existing Shares, including voting rights and rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

Subject to any special rights attached to any shares which we may issue in the future, our shareholders shall, in proportion to the amount paid up on the Shares held by them, be entitled to share in the profits paid out by us as dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to any surplus in accordance with our Constitution.

At any general meeting of our Company, each shareholder shall be entitled to vote in person or by proxy or by attorney or by duly authorised representative. Each shareholder shall be entitled to appoint more than 1 proxy to attend and vote at any general meeting of our Company. A proxy may but need not be a member of our Company and there shall be no restriction as to the qualification of the proxy. On a poll, each shareholder present either in person or by proxy or by attorney or by other authorised representative shall have one vote for each Share held.

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

2.2.1 Shareholding structure

Our shareholding structure before and after our Proposed Listing are as set out below:

	Minimum Scenario				Maximum Scenario			
	Before our Proposed Listing		After our Proposed Listing		Before our Proposed Listing		After our Proposed Listing	
Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Promoters and substantial shareholders	405,000,000	90.0	405,000,000	86.17	405,000,000	90.0	405,000,000	81.0
Existing Public shareholders[+]	45,000,000	10.0	45,000,000	9.57	45,000,000	10.0	45,000,000	9.0
New Public shareholders	-	-	20,000,000	4.26	-	-	50,000,000	10.0
Total	450,000,000	100.0	470,000,000	100.0	450,000,000	100.0	500,000,000	100.0

Note:

\+ *The existing Public shareholders are the Subscribers.*

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

2.2.2 Cost of investments

Our existing shareholders' cost of investment in our Shares for the past one year are as follows:

						Minimum Scenario		Maximum Scenario	
		Date of original investment prior to acquisition of MMI by MMIS	Cost of investment per Share	Before our Proposed Listing		After our Proposed Listing		After our Proposed Listing	
Shareholder	**Details**		**Sen**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Loh Chin Soon#	Promoter and substantial shareholder	30 April 1996, 14 August 2002, 13 October 2005 and 26 February 2019	-*	202,500,000	45.00	202,500,000	43.09	202,500,000	40.50
Low Oo Seng#	Promoter and substantial shareholder	1 April 1996, 30 April 1996 and 27 September 2000	-*	101,250,000	22.50	101,250,000	21.54	101,250,000	20.25
Loh Chin Siang#	Promoter and substantial shareholder	18 January 2007, 26 April 2011 and 26 February 2019	-*	101,250,000	22.50	101,250,000	21.54	101,250,000	20.25
Subscribers^	Existing Public shareholder	25 March 2019	2.22	45,000,000	10.00	45,000,000	9.57	45,000,000	9.00
				450,000,000	100.00	450,000,000	95.74	450,000,000	90.00

Notes:

* *These are our Promoters, who founded and wholly-owned MMI prior to the investments by the Subscribers in MMI.*

Loh Chin Soon and Loh Chin Siang are siblings while Low Oo Seng is their cousin. They were also the shareholders of MMIS on its date of incorporation being 22 February 2019.

^ *The Subscribers are not related to our Promoters, substantial shareholders and Directors. They individually hold less than 5.0% of the shareholding in MMIS both before our Proposed Listing and after our Proposed Listing.*

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

2.3 Purpose of our Proposed Listing

We are seeking to be listed on the LEAP Market for the following reasons:

(i) to be able to tap into the capital market for future fundraising to pursue growth opportunities;

(ii) to gain recognition and enhance our stature, as well as to increase market awareness for our services and expand our customer base; and

(iii) to provide an opportunity for investors to participate in our equity and future growth.

2.4 Dividend policy

Currently, MMIS has not formulated a dividend policy or payout ratio.

As an investment holding company, MMIS' income and ability to pay dividends depend on the dividends it in turn receives from its subsidiary, MMI which depends on its distributable profits, financial performance, financial condition, capital expenditure plans and other factors that its board of directors may deem relevant to the declaration of dividends.

Our Company's Board will determine the declaration and payment of dividends. Our Company in its general meeting may declare dividends accordingly. In doing so, our Board will consider factors including our Company's retained earnings, expected future earnings, operations, cash flows, capital requirements, general business and financing conditions. Our Board intends to retain adequate reserves for our future growth as well as to reward our shareholders with dividends from our Company's profits.

MMIS was incorporated on 22 February 2019 and has not declared or paid any dividend since its incorporation up to the LPD.

The following dividends were made by MMI:

In respect of the FYE/ FPE	**Total dividend**
30 June 2017	RM 79,500
30 June 2018	RM 150,000
31 December 2017	-
31 December 2018	RM 1,200,000

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3. OVERVIEW OF OUR GROUP

3.1 Incorporation and history

Our Company was incorporated in Malaysia on 22 February 2019 under the Act as a private limited company under the name MMIS Sdn Bhd. On 29 April 2019, our Company was converted into a public company limited by shares and adopted the name MMIS Berhad. Our Company is an investment holding company. As at 28 June 2019, we have one subsidiary, namely Multi Mould Industries Sdn Bhd (MMI). Through our subsidiary, we are principally involved in the manufacturing, marketing and sale of precision engineering parts for the semiconductor industry. Our products are primarily purchased by manufacturers of semiconductor manufacturing equipment as well as manufacturers of automated testing equipment for the semiconductor industry.

Our subsidiary, MMI, was incorporated in Malaysia on 1 April 1996 under the Companies Act 1965 and deemed registered under the Act, as a private limited company. MMI commenced operations in the same year in the business of manufacturing plastic mould bases, and our customers comprised mould makers. At that point in time, MMI operated from a production facility with a floor space of approximately 5,000 sqft at Taman Perindustrian Chandan Raya, Menglembu, Ipoh, Perak.

In year 2000, we diversified into the manufacturing, marketing and sale of precision engineering parts for the semiconductor industry. In year 2002, we ceased manufacturing mould bases for mould makers due to declining demand from customers. This allowed us to allocate our resources to the manufacturing of precision engineering parts for the semiconductor industry as we began witnessing greater interest and increasing demand from our customers. We operated 3 production lines at this point in time.

As a result of business growth, we relocated to a bigger production facility in Kawasan Perindustrian Menglembu, Menglembu, Ipoh, with a floor space of approximately 13,000 sqft in year 2005. This allowed us to acquire more machinery for the manufacturing of precision engineering parts. We expanded our operations to include welding capabilities between year 2006 and year 2012. We were operating 4 production lines with 18 machines.

On 30 December 2013, we acquired a 4,986 sqm (equivalent to approximately 1.23 acres or 53,668.86 sqft) parcel of land (PT 14495) at Kawasan Perindustrian Batu Gajah Perdana in Pusing, Perak, for the construction of a new production facility to support our growing manufacturing activities. The construction of our new factory commenced in year 2014 and was completed in end year 2016. We relocated our operations to this new production facility which had a floor space of 32,400 sqft in December 2016, thereby allowing us to operate 4 production lines with 22 machines.

In year 2018, we acquired 2 additional machines and expanded our product range to include sheet metal products+. In light of the increasing demand for the precision engineering parts that we fabricate, on 16 April 2018, we acquired a 4,252 sqm (equivalent to approximately 1.05 acre or 45,768.12 sqft) parcel of land (PT 14494) beside our existing production facility, in the same year, for the expansion of our operations.

Note:

\+ *We have in April 2019 completed trial production runs for sheet metal casing products (i.e., casing for our customers' equipment/machinery), and ongoing QC testing for our sheet metal casing products and manufacturing process, as well as training of our machinists. As at the LPD, we have started taking orders from customers for sheet metal casing products.*

3. OVERVIEW OF OUR GROUP *(cont'd)*

3.2 Key milestones and achievements

The table below sets out our key milestones/ achievements:

Year	Milestones
1996	• Incorporation of MMI • Commenced operations in the manufacturing plastic mould bases in Taman Perindustrian Chandan Raya, Menglembu, Ipoh
2000	• Diversified into the manufacturing, marketing and sale of precision engineering parts for the semiconductor industry
2005	• Relocated to Kawasan Perindustrian Menglembu, Menglembu, Ipoh
2014	• Acquired land (PT 14495) and commenced construction of existing production facility in Kawasan Perindustrian Batu Gajah Perdana in Pusing, Perak
2016	• MMI was awarded the "2016 Outstanding Delivery Award" by ViTrox Corporation Berhad
2017	• Commenced operations in newly constructed production facility
2018	• Acquired land (PT 14494) beside existing production facility for the expansion of our operations

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3.3 Pre-listing Reorganisation

To facilitate our Proposed Listing, we have completed the following Pre-listing Reorganisation:

(i) subscription of the ICPS by the Subscribers and conversion of the ICPS into 16,600 ordinary shares in MMI; and

(ii) acquisition of entire equity interest in MMI by MMIS.

3.3.1 Subscription of the ICPS by the Subscribers and conversion of the ICPS into 16,600 ordinary shares in MMI

The subscriptions of the ICPS by the Subscribers was completed on 25 March 2019 with the issuance of 1,000,000 ICPS for cash consideration totalling RM1,000,000. The conversion of the ICPS by the Subscribers was completed with the issuance of 16,600 ordinary shares in MMI to them.

Following the above, the breakdown of MMI's shareholdings were as follows:

Issued share capital held by:	No. of ordinary shares in MMI	% of equity interest in MMI	Issued share capital of MMI RM
Promoters and substantial shareholders	150,000	90.04	150,000
Subscribers after the conversion of the ICPS	16,600	9.96	1,000,000
Total	166,600	100.00	1,150,000

The Subscribers are independent individuals (i.e., not connected to nor has any direct or indirect relationship with our Promoters, substantial shareholders and Directors namely, Loh Chin Soon, Low Oo Seng and Loh Chin Siang). They individually hold less than 5.0% of the shareholding in MMIS both before our Proposed Listing and after our Proposed Listing. The proceeds from subscriptions of the ICPS by the Subscribers were for our Group's working capital purposes.

3.3.2 Acquisition of MMI by MMIS

On 21 May 2019, our Company entered into a conditional share sale agreement with our Promoters and Subscribers to acquire 166,600 ordinary shares in MMI, representing the entire equity interest of MMI for a purchase consideration of RM10,000,000 satisfied through the issuance of 449,999,900 new MMIS Shares at approximately RM0.02 each to the Promoters and Subscribers. The purchase consideration was based on MMI's audited NA of RM9,289,634 as at 31 December 2018. On 28 June 2019, our Company has completed the acquisition of 166,600 ordinary shares in MMI, representing the entire equity interest of MMI.

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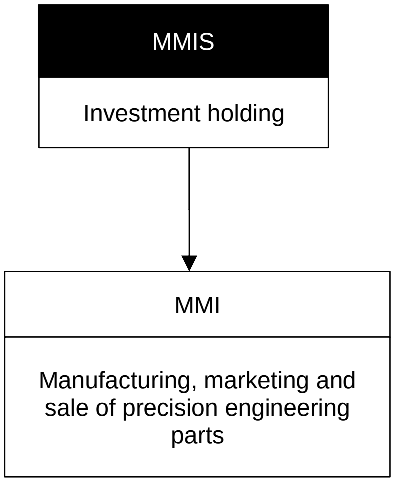
3.4 Group Structure

Our Group structure as at the date of this Information Memorandum is as follows:



The details of our subsidiary, which is incorporated in Malaysia, are as follows:

Company	**Date of incorporation**	**Date of commencement of business**	**Issued share capital**	**Effective equity interest**
			RM'000	**%**
MMI	1 April 1996	1 July 1996	166,600	100

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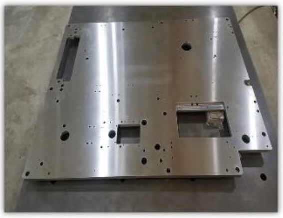
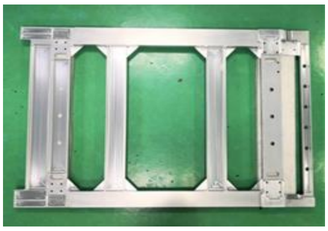
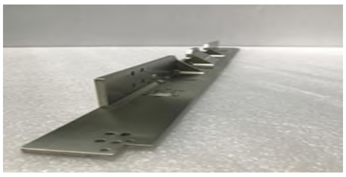
4. OVERVIEW OF OUR BUSINESS

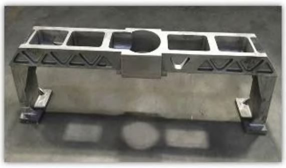
4.1 Principal activities and product range

Our Group is principally involved in the manufacturing, marketing and sale of precision engineering parts. Presently, the precision engineering parts that we manufacture are sold to manufacturers of semiconductor manufacturing equipment as well as manufacturers of automated testing equipment for the semiconductor industry.

The precision engineering parts that we manufacture for the semiconductor industry are large machining parts comprising worktables, bases, frames and rails:

		
Worktable	**Base**	**Frame**
		
Rails		

We also further provide precision engineering services to process and enhance steel materials provided by our customers. This typically includes the processing and enhancement of cast iron materials to produce beams for customers in the semiconductor industry.



Cast iron beam

4.2 Production flow

We adhere to the following process flow upon receiving confirmation of product orders from our customers:

Non-welded precision engineering parts and components

a) Procurement

Upon confirmation of orders from our customers, our procurement team will procure the necessary raw materials required from our suppliers for the subsequent manufacturing processes.

b) QC on incoming raw materials

Upon receiving raw materials such as aluminium plates, mild steel plates and steel plates from our suppliers, we conduct visual inspection to assess factors such as surface defects and colour; and measurement inspection to assess factors such as dimensions and thickness. This ensures that the raw materials received meet our specifications.

c) Milling

The aluminium plates, mild steel plates and steel plates that we procure will undergo a milling process. Milling is a cutting process that uses a milling cutter to remove material from the surface of a workpiece.

d) Squaring

The milled aluminium plates, mild steel plates and steel plates then undergo a surface grinding process known as squaring to produce a smooth finish on flat surfaces.

e) Grinding

We subsequently grind aluminium plates, mild steel plates and steel plates into precise cubic shapes of metal squares, based on the dimensions provided by our customers.

f) CNC Milling

We utilise a CNC machine for machining, whereby the aluminium plates, mild steel plates and steel plates undergo drilling in order to produce the final products required by our customers.

g) Deburring and tapping

The final process for the production of precision engineering parts and components is the deburring of unwanted metal parts resulting from the prior manufacturing processes.

h) QC inspection on final products

The final products undergo QC inspection where we conduct measurement inspection to assess factors such as dimensions and thickness.

i) Packing and delivery

The precision engineering parts and components are packed prior to delivery to our customers.

Welded precision engineering parts and components

For precision engineering parts and components that require welding, the raw materials are procured upon confirmation of customer orders. Upon QC inspection on incoming raw materials, we carry out the following processes:

a) Cutting

The aluminium plates, mild steel plates and steel plates that we procure will be cut to specific dimensions based on the requirements of our customers.

b) Drilling

Based on the final product design, holes are drilled in the aluminium plates, mild steel plates and steel plates.

c) Welding

Metal parts are joined together using high heat in a welding process to form larger precision engineering parts and components.

Processing and enhancement

For the processing and enhancement of steel materials, the raw materials are procured by our customers. Upon receipt of these raw materials, we conduct a QC inspection prior to channelling these materials into our manufacturing processes.

In the event we outsource the manufacturing of precision engineering parts to our vendors, we procure the final products that have undergone the following processes:

- Milling
- Squaring
- Grinding
- CNC milling
- Deburring and tapping

The final products are then delivered to our premises where we subsequently carry out a QC inspection on these final products prior to packing and delivery.

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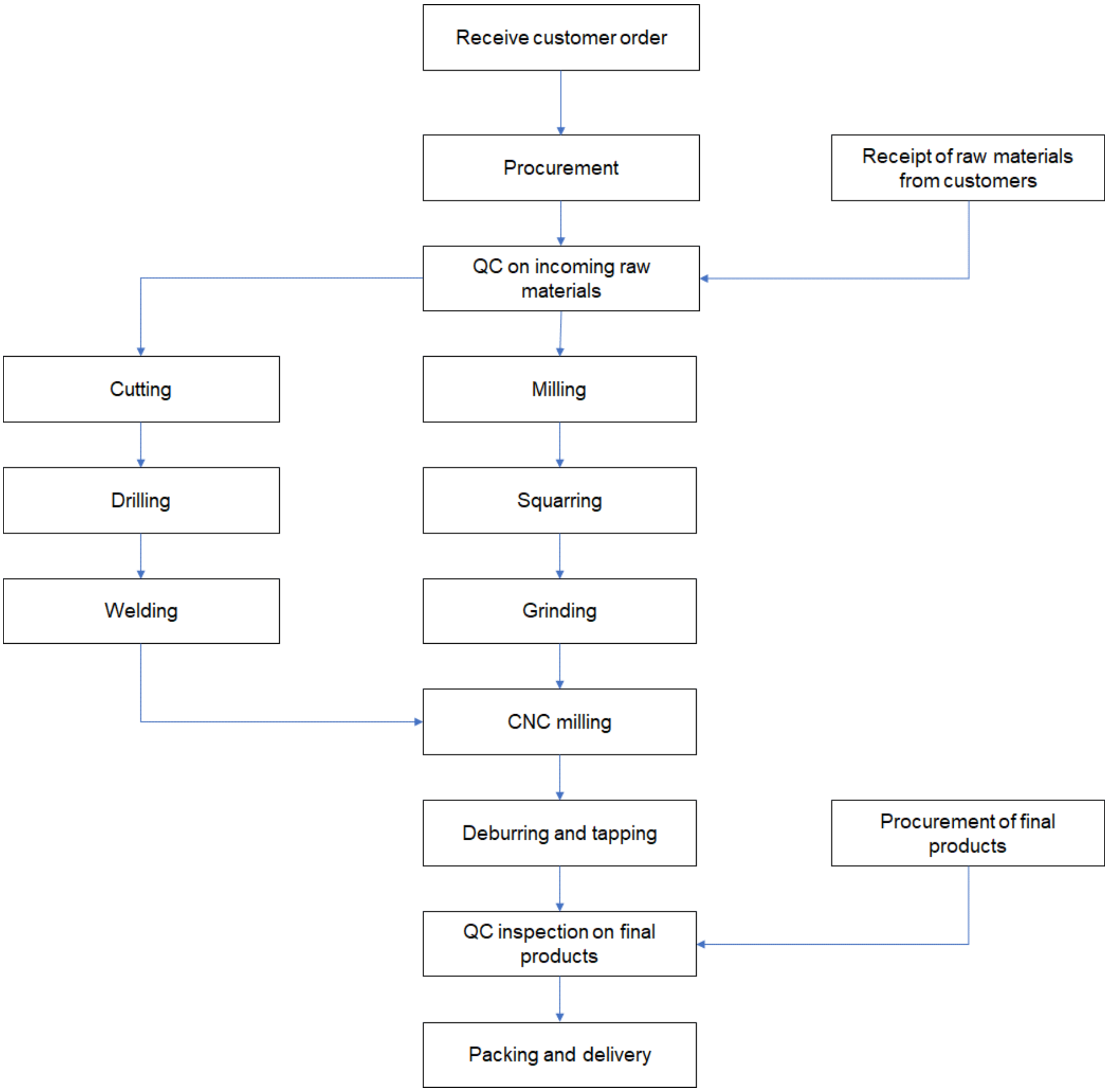

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4.3 Principal markets

The following table presents our audited consolidated revenue derived from the manufacturing, marketing and sale of precision engineering parts by business segment for the financial years and period indicated:

Business segment	FYE 30 June 2017		FYE 30 June 2018		6-month FPE 31 December 2018	
	RM'000	%	RM'000	%	RM'000	%
Semiconductor [(i)]	9,186,938	98.29	16,898,465	99.31	7,712,887	98.62
Engineering [(ii)]	142,250	1.52	103,890	0.61	5,779	0.07
Consumer electronics, medical and others [(iii)]	17,817	0.19	13,600	0.08	102,330	1.31
	9,347,005	**100.00**	**17,015,955**	**100.00**	**7,820,996**	**100.00**

Notes:

(i) We derive revenue from customers in the semiconductor industry, comprising manufacturers of semiconductor manufacturing equipment, as well as manufacturers of automated testing equipment for the semiconductor industry.

(ii) We derive revenue from customers that manufacture precision components, alloy steel, iron castings and other metal products.

(iii) We derive revenue from customers that manufacture automation systems for consumer electronics such as ink cartridges, medical such as medical devices and consumables, and others such as producers of plastic products, as well as wholesalers of building materials.

We derived all our revenue from Malaysia for the financial years and period under review.

Our business is subject to the cyclicality of the global electronics, semiconductor industry, which is caused by variations in supply and demand for semiconductors and economic cycles. We do not experience any seasonality in our business.

4.4 Our competitive strengths

We believe that our competitive strengths and advantages include:

4.4.1 Our customers are mainly multinationals in the semiconductor industry value chain

We serve customers in the global semiconductor industry. Our customers mainly comprise multinational manufacturers of semiconductor manufacturing equipment as well as manufacturers of automated testing equipment for the semiconductor industry, which include, amongst others, Towam Sdn Bhd and ViTrox Technologies Sdn Bhd.

Our success in securing and retaining these renowned companies is testament of our product quality, customer service and proven industry track record. Since securing these customers, we have managed to retain several of them over the years. For example, Towam Sdn Bhd is a multinational manufacturer of semiconductor manufacturing equipment and has been our customer for 13 years. ViTrox Technologies Sdn Bhd is a manufacturer of automated testing equipment for the semiconductor industry and has been our customer for 7 years.

As a supplier to these multinational companies, we have had to comply with their product and quality control requirements, which is evidence of our standing as a manufacturer with proven credentials. Our successful track record and credentials will lay the foundations for our Group's on-going and future business expansion.

4.4.2 We have 18 years of experience as a manufacturer of precision engineering tools, precision engineering parts and components for the semiconductor industry

We have 18 years of history of applying our expertise in precision engineering for the semiconductor industry since our venture into this business in year 2000. Throughout the years of operation, we have accumulated experience in meeting the needs of customers in the semiconductor industry for precision engineering parts and components. To better fulfil the demand for our products, we plan to expand our production facilities in Malaysia.

The growth of the semiconductor industry will be beneficial for our success. The increasing demand of semiconductors from rising demand for data and applications of semiconductors in fields such as cognitive computing and artificial intelligence is a trend that the semiconductor processing equipment industry is going to follow.

We believe that by leveraging on our reputation, industry experience and manufacturing competencies, we will continue to maintain our competitiveness and capture business opportunities from the growth and development of the semiconductor industry in the future.

4.4.3 Our commitment to quality is recognised by our customers which are multinational companies in the semiconductor industry value chain

Product quality is crucial to our business in upholding our competitive position in the industry. Therefore, we place a strong emphasis on maintaining our product quality. We have implemented stringent quality assurance procedures that have contributed to our growth and success. We have quality inspection at every critical stage of our production, from supplier selection to delivery. In particular, we have implemented in-process quality control and conduct successive quality checks at every stage of our production which allow us to achieve the precision and accuracy that can meet our customers' demand and requirements. Moreover, we provide our production staff with clear work instructions and guidelines to ensure our quality standards are strictly adhered to. We also ensure a work environment which nurtures quality and encourages cross-functional involvement for continuous quality improvement. For further details of our quality assurance measures, please refer to the Section 4.5 of this Information Memorandum.

We believe that these measures have enabled our Group to gain trust from our existing and potential customers and increase our opportunities of securing recurring and new purchase orders. This has also enabled us to develop long business relationship with multinational companies in the semiconductor industry value chain which have stringent quality standards.

4.4.4 We have an experienced management team with strong technical expertise

We have been operating our business for more than 18 years, and we are led by an experienced and technically strong senior management team. Our Managing Director, Loh Chin Soon, has more than 30 years of experience in precision parts engineering.

Our Managing Director is supported by our key management team, who collectively, have exposure across a broad spectrum of business activities, including engineering, operations, sales and marketing and finance. Our Executive Director and General Manager, Operation and Logistic, Loh Chin Siang, holds a Diploma in Electro-Mechanical Engineering and has 20 years of experience in precision parts engineering. Our Head of Corporate Finance, Dr. Chin Fook Kheong, joined us in January 2019, and brings with him 30 years of experience in finance, accounting and business management.

Since our inception, we have built an established reputation in the industry through our management's engineering experience and expertise, as well as our ability to provide quality products and consistent levels of customer service. The competencies of our key management team will enable us to sustain our future growth and improve the overall financial performance of our Group. Please refer to Sections 7.1 of this Information Memorandum for further details on the profiles of our Directors (whom are also our Promoters and substantial shareholders).

4.5 Quality assurance

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

In 2003, our subsidiary, MMI was certified compliant to ISO 9001. The details of MMI's present ISO certification are as follows:

Certification	**Scope**	**Current validity period**	**Certifying party**
ISO 9001:2015	Quality management system applicable to the management of the quality aspects related to: Precision machining and fabrication of metal and sheet metal	11 March 2019 - 10 March 2022	Intertek Certification International Sdn Bhd

4.6 Marketing and sales strategies

Our business development and marketing activities are led by our Managing Director, Loh Chin Soon with the assistance of the Business Development Manager. To date, we have secured customers and sales through:

(i) Referrals from our key management's business contacts; and
(ii) Referrals from existing customers; and

Further, we prepare brochures featuring our precision engineering capabilities and products. These brochures are distributed to our existing and potential customers when they visit our manufacturing factories in order to generate their interest and awareness in our products.

As we depend on referrals from our key management's business contacts, it is important for us to leverage on their experience and marketing network for repeat and new businesses. It is also important for us to ensure that we carry out our works to a satisfactory manner as we also depend on referrals from satisfied existing customers for repeat and new businesses.

4.7 Major customers

Our products are primarily purchased by manufacturers of semiconductor manufacturing equipment as well as manufacturers of automated testing equipment for the semiconductor industry.

Our top 5 customers for the FYE 30 June 2017, FYE 30 June 2018 and 6-month FPE 31 December 2018 are as follows:

Customer	**Products/Services**	**FYE 30 June 2017**	**Length of business relationship**
		%	**(years)**
Towam Sdn Bhd	Machining parts and frame	55.12	13
ViTrox Technologies Sdn Bhd	Machining parts and frame	41.56	7
Customer A (i)	Machining parts and frame	1.46	10
Customer B (ii)	Machining parts and frame	0.62	5
Customer C (iii)	Machining parts and frame	0.48	5
Total contribution		**99.24**	

Customer	**Products/Services**	**FYE 30 June 2018**	**Length of business relationship**
		%	**(years)**
Towam Sdn Bhd	Machining parts and frame	63.80	13
ViTrox Technologies Sdn Bhd	Machining parts and frame	34.49	7
Customer D (iv)	Machining parts and frame	0.90	<1
Customer E (v)	Machining parts and frame	0.08	6
Customer A (i)	Machining parts and frame	0.60	10
Total contribution		**99.87**	

Customer	**Products/Services**	**6-month FPE 31 December 2018**	**Length of business relationship**
		%	**(years)**
Towam Sdn Bhd	Machining parts and frame	38.62	13
ViTrox Technologies Sdn Bhd	Machining parts and frame	58.24	7
Customer D (iv)	Machining parts and frame	1.73	<1
Customer E (v)	Machining parts and frame	1.31	6
Customer A (i)	Machining parts and frame	0.07	10
Total contribution		**99.97**	

4. OVERVIEW OF OUR BUSINESS *(cont'd)*

Notes:

(i) *Customer A is a company incorporated in Malaysia and involved in fabricating and assembly of all types of sheet metal frame structure, machineries cover and control panelling.*

(ii) *Customer B is a company incorporated in Malaysia and a subsidiary of a multinational company. It is a manufacturer of test handling system, modules and parts thereof for semiconductor industry, manufacturing of tools and dies, automatic and semi-automatic machines for electrical and machines for electrical and electronic industries and parts thereof.*

(iii) *Customer C is a company incorporated in Malaysia and a subsidiary of a multinational company. It is principally involved in the manufacturing and sale of dynamic test handlers and its related parts and services.*

(iv) *Customer D is a company incorporated in Malaysia and a subsidiary of a multinational company. It is a manufacturer and trader in all kinds bearing and engineering products.*

(v) *Customer E is a company incorporated in Malaysia and a subsidiary of a multinational company. It is involved in manufacturing automatic assembly system, modules and parts thereof for pharma-medical, electro-mechanical and computer industries.*

We are dependent on Towam Sdn Bhd and ViTrox Technologies Sdn Bhd, who collectively accounted for 96.68%, 98.29% and 96.86% of our revenue for the FYE 30 June 2017, FYE 30 June 2018 and 6-month FPE 31 December 2018, respectively.

Towam Sdn Bhd manufactures semiconductor manufacturing equipment and high precision moulds. ViTrox Technologies Sdn Bhd designs and manufactures automated vision inspection equipment and system-on-chip embedded electronics devices for the semiconductor and electronics packaging industries. We supply machining parts and frames to Towam Sdn Bhd and ViTrox Technologies Sdn Bhd and are a major supplier for such products supplied to them.

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4.8 Major suppliers

Our precision engineering parts are made from steel and aluminium, which comprise the major raw materials that we procure. We source our raw materials from reputable and well-established suppliers. We also outsource the manufacturing of small size precision engineering parts, and in instances where we do not have sufficient capacity internally to meet the delivery timelines of our customers.

Our top 5 suppliers for the FYE 30 June 2017, FYE 30 June 2018 and 6-month FPE 31 December 2018 are as follows:

Supplier	**Products/Services**	**FYE 30 June 2017**	**Length of business relationship**
		%	**(years)**
Ming Soon Engineering Works	Welded parts	16.34	8
IPC Industries Sdn Bhd	Aluminium products	10.55	2
Global Allied Sdn Bhd	Mild steel products	8.61	13
Supplier A [(i)]	Welded parts	8.49	5
A&G Precision Engineering	Precision parts^	8.01	4
Total contribution		**52.0**	

Supplier	**Products/Services**	**FYE 30 June 2018**	**Length of business relationship**
		%	**(years)**
A&G Precision Engineering	Precision parts^	16.94	4
IPC Industries Sdn Bhd	Aluminium products	16.34	2
Global Allied Sdn Bhd	Mild steel products	9.66	13
Ming Soon Engineering Works	Welded parts	9.46	8
Supplier B [(ii)]	Carbon steel products	5.79	> 16
Total contribution		**58.19**	

Supplier	**Products/Services**	**FPE 31 December 2018**	**Length of business relationship**
		%	**(years)**
IPC Industries Sdn Bhd	Aluminium products	24.31	2
Warta Hang Sdn Bhd	Mild steel products	11.16	14
Ming Soon Engineering Works	Welded parts	8.57	8
Howardyap Enterprise	Welded parts	7.51	1
Genesis Resources	Powder coating services	6.56	8
Total contribution		**58.11**	

Notes:

^ *MMI outsources the fabrication of selected small components to this supplier/vendor.*

(i) Supplier A was a sole proprietorship, involved in contract civil work, all kinds of steel fabrication works, erection and installation of factory machinery equipments. MMI has ceased dealing with this supplier.

(ii) Supplier B is a company incorporated in Malaysia and a subsidiary of a multinational company. It is involved in dealing in steel materials.

We procure raw materials from the above suppliers to enjoy competitive pricing. For certain purchases of raw materials*, our purchases are usually via blanket orders where we negotiate and agree to purchase raw materials at certain quantities over a 6-month period at pre-determined prices. In addition, the level of inventories held are primarily based on order requests from MMI's customers. Such efforts by our Group ensure a continued supply of raw materials at expected prices and reduce the impact of foreign currency exposure as well as ensure an adequate level of inventories is held.

Note:

* *Such materials are mainly sourced from overseas by our supplier in Malaysia.*

We also outsource the manufacturing of small size precision engineering parts, and in instances where we do not have sufficient capacity internally to meet the delivery timelines of our customers. For work outsourced to suppliers/vendors, we work with those whom have proven to be reliable.

We are not materially dependent on any one of our major suppliers as we are able to source raw materials and/services from other suppliers.

4.9 Intellectual property

We do not use or own any registered patents, trademarks or intellectual property which are material to our business. Our business and profitability are also not materially dependent on any other patent or licence or any other intellectual property rights.

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4. OVERVIEW OF OUR BUSINESS *(cont'd)*

4.10 Major approvals, licenses and permits

Save as disclosed below, as at the LPD, there are no other major approvals, licenses and permits necessary for our business operations.

Company	Issuing authority	Effective date / Expiry date	Description of license / certificate	Account No./ License No./ Certificate No.	Remarks
MMI	Majlis Daerah Batu Gajah	16 August 2018 /15 August 2019	-Lesen kilang kimpalan dan pemasangan besi/aluminium -Patil lesen -Lesen iklan tidak bercahaya -Lesen gudang/stor kurang daripada 141mp	Account No.: L-0009716-03	-
MMI	Jabatan Keselamatan Dan Kesihatan Pekerjaan Perak Kementerian Sumber Manusia	21 June 2019 / 17 July 2020	Akta Kilang Dan Jentera 1967 Perakuan Kelayakan Mesin Angkat (selain Mesin Angkat guna tangan) No. Pendaftaran: PK PMA 1052 Nama Pembuat: Top-Mech Provincial No. Pembuat: TMP0428 Perihal: Single Girder Electric OTC Kuasa: 4.8 kilowatt	License No.: PMA-PK/19 36222	-

4. OVERVIEW OF OUR BUSINESS *(cont'd)*

Company	Issuing authority	Effective date / Expiry date	Description of license / certificate	Account No./ License No./ Certificate No.	Remarks
MMI	Jabatan Keselamatan Dan Kesihatan Pekerjaan Perak Kementerian Sumber Manusia	26 April 2019 / 17 July 2020	Akta Kilang Dan Jentera 1967 Perakuan Kelayakan Mesin Angkat (selain Mesin Angkat guna tangan) No. Pendaftaran: PK PMA 80410 Nama Pembuat: Liftech Engineering (KL) Sdn. Bhd. No. Pembuat: 1405144 Perihal: Single Girder Overhead Travelling Crane Kuasa: 4.9 kilowatt	License No.: PMA-PK/19 33837	-
MMI	Jabatan Keselamatan Dan Kesihatan Pekerjaan Perak Kementerian Sumber Manusia	26 April 2019 / 17 July 2020	Akta Kilang Dan Jentera 1967 Perakuan Kelayakan Mesin Angkat (selain Mesin Angkat guna tangan) No. Pendaftaran: PK PMA 80411 Nama Pembuat: Liftech Engineering (KL) Sdn. Bhd. No. Pembuat: 1502004 Perihal: Single Girder Overhead Travelling Crane Kuasa: 4.9 kilowatt	License No.: PMA-PK/19 33838	-

4. OVERVIEW OF OUR BUSINESS *(cont'd)*

Company	Issuing authority	Effective date / Expiry date	Description of license / certificate	Account No./ License No./ Certificate No.	Remarks
MMI	Jabatan Keselamatan Dan Kesihatan Pekerjaan Perak Kementerian Sumber Manusia	13 May 2019 / 17 July 2020	Akta Kilang Dan Jentera 1967 Perakuan Kelayakan Pengandung Tekanan Tak Berapi No. Pendaftaran: PK PMT 80522 Nama Pembuat: Hitachi Industrial Equipment (Malaysia) Sdn. Bhd. No. Pembuat: 597 Perihal: Hitachi Screw Air Compressor Isian Padu: 0.2 meter padu Tekanan yang membolehkan injap keselamatan dijalankan: Kelumpang 1000 kilo pascal	License No.: PMA-PK/19 34926	
MMI	Intertek Certification International Sdn Bhd	11 March 2019 / 10 March 2022	To certify that the quality management system of MMI has been assessed and registered by Intertek Certification International Sdn Bhd as conforming to the requirements of ISO 9001:2015. The quality management system is applicable to the management of the quality aspects related to: Precision Machining and Fabrication of Metal & Sheet Metal	Certificate No.: QS150188	-
MMI	Perak Chinese Chamber of Commerce and Industry	Life membership	-	Life membership No.: B3303	-

4. OVERVIEW OF OUR BUSINESS *(cont'd)*

MMI has complied with all rules, regulations and requirements imposed under any relevant applicable laws and governmental authorities, including but not limited to the Factories and Machineries Act 1967, Factories and Machinery (Noise Exposure) Regulations 1989, Majlis Daerah Batu Gajah, Jabatan Keselamatan dan Kesihatan Pekerjaan Perak Kementerian Sumber Manusia and Jabatan Bomba dan Penyelamat Malaysia.

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4.11 Properties

4.11.1 Owned properties

As at the LPD, we own the following properties for our operations:

Location	Description / Existing use	Category of land use	Land area / Built-up Area (sqm)	Tenure
PT 14494, Persiaran Batu Gajah Perdana 4, Taman Perindustrian Batu Gajah Perdana, 31000, Batu Gajah Perak Darul Ridzuan	Vacant land (i)	Perusahaan	4,252 sqm	99 years, expiring on 19 November 2099
PT 14495, Persiaran Batu Gajah Perdana 4, Taman Perindustrian Batu Gajah Perdana, 31000, Batu Gajah, Perak Darul Ridzuan	A one-storey factory with two-storey office is erected on this land (ii)	Perusahaan	4,986 sqm	99 years, expiring on 19 November 2099
PT 14478, Persiaran Batu Gajah Perdana 4, Taman Perindustrian Batu Gajah Perdana, 31000, Batu Gajah, Perak Darul Ridzuan	Vacant Land, currently rented out to an independent third party, with tenancy period commencing on 1 April 2018, and expiring on 30 March 2020 (iii)	Perusahaan	4,060 sqm	99 years, expiring on 19 November 2099

Notes:

(i) *This land is located beside our existing building / production facility. We intend to apply to amalgamate PT 14494 and PT 14495 and to construct a new production facility which will be connected to our existing building, which is located on PT 14495.*

(ii) *Our existing building / production facility is located on this land.*

(iii) *This land is located opposite our existing production facility. This land is an investment property and is being rented-out for rental income to an independent third party for storage of metal scraps.*

4.11.2 Rental property

As at the LPD, we have not rented any properties for the purpose of carrying on our business.

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4.12 Business strategies and future plans

We believe that the pursuit of the strategies below will contribute to the growth of our business.

4.12.1 We intend to pursue expansion of production capacity

In order to capture opportunities, we intend to expand our production capacity by (i) increasing our production floor space; and (ii) recruitment of additional manpower to populate the expanded production facilities.

(i) Increasing our production floor space

Since our manufacturing process mainly involves metal processing and fabrication by skilled labour and precision machinery, production floor space and utilisation rate of our CNC machines are the major determinants of our production capacity. As such, we plan to renovate our present production facility in Kawasan Perindustrian Batu Gajah Perdana in Pusing, Perak (PT 14495) to expand our production capacity. Presently our production facilities in Kawasan Perindustrian Batu Gajah Perdana comprises a production yard and an office building.

Presently, the average utilisation rate of our CNC machines is at approximately 73%^ while our production floor space is fully utilised. In anticipation of increasing orders, we will need more production space. As such, we plan to enlarge our current facility. On 16 April 2018, we acquired a 4,252 sqm (equivalent to approximately 1.05 acres or 45,768.12 sqft) parcel of land (PT 14494) beside our existing production facility.

We plan to construct a new facility ("**Workspace**") with an estimated built-up area of 27,000 sqft to undertake the manufacturing of precision engineering parts for customers in the semiconductor industry as well as other market segments (please refer to Section 4.12.2 of this Information Memorandum for details on the new market segments we intend to penetrate). As the parcel of land for this production space is adjacent to our existing production facility, we will construct a Workspace that will connect to our current production facility. By connecting this Workspace to our current production facility, we will be able to optimise floor space for production activities and inventory and finished goods storage, while maintaining efficiency in our production processes.

Note:

^ *As at the LPD, our Group has 24 machines at its current production facility comprising 9 CNC machines and 15 ancillary machines. While the CNC machines will be used in our production process, the types of ancillary machines used as well as the production time for the CNC and ancillary machines would vary, depending on the complexity and type of products required by our customers.*

As such, our utilisation rate is arrived at based on the actual operating hours of our existing 8 active CNC machines in comparison to their effective operating hours, being their maximum capacity. Our maximum capacity is calculated based on a 21.5-hour work day and number of working days in a month (i.e., a 6-day work week and excluding public holidays).*

MMI only began tracking its utilisation rate in August 2018 and its average utilisation rate from August 2018 until the LPD was approximately 73%. Its monthly utilisation rate during the said period ranged from approximately 60% to 93%.

* *The remaining 1 CNC machine is an old machine (fully depreciated) and is only able to operate for up to 8 hours daily.*

The construction cost of this Workspace is estimated at RM2.30 million, which shall be funded via bank borrowings and/or internally generated funds. Construction activities on this Workspace will commence in the 3rd quarter of year 2019, with the target completion by the 2nd quarter of year 2020. We anticipate that we will be able to complete the amalgamation of the land title for our current production facility and the new Workspace by the end of year 2020. Collectively, our existing production facility and the new Workspace will comprise our expanded production facility.

We intend to acquire 4 additional machines for our existing production facility and the new Workspace. The cost of said machines is estimated at RM2.60 million.

Under the Minimum Scenario, RM1.10 million from the proceeds of the Proposed Excluded Issue shall be utilised to fund the cost of the said machines while the remaining RM1.50 million or any amount in excess of RM1.10 million shall be funded via bank borrowings and/or internally generated funds.

Under the Maximum Scenario, RM2.0 million from the proceeds of the Proposed Excluded Issue shall be utilised to fund the cost of the said machines while the remaining RM600,000 or any amount in excess of RM2.0 million shall be funded via bank borrowings and/or internally generated funds.

Type of machine	**Function**	**Units**	**Total estimated cost (RM'000)**
CNC machines	Machines for milling the surface of workpieces. These machines serve mainly to upgrade/increase our current production capacity utilisation rate.	2	1,200
Grinding machine	Machine for producing high quality surface finishes, and high accuracy of shape and dimension. The additional grinding machine would enable us to meet the higher precision requirements (such as the thinness, flatness and parallelism (i.e., bottom and top surface to be parallel) of our customers.	1	400
CNC turret punch press	Punch press for shaping sheet metals by way of punching. This machine would support our sheet metal process as our Group currently does not have this type of CNC machine. Thus, by purchasing this machine, the Group would be able to accept orders from customers that require such machining/fabrication.	1	1,000
			2,600

Taking into cognizance that the construction of the Workspace will be completed by the 2nd quarter of year 2020, we intend to initially purchase the grinding machine and CNC turret punch press by the 3rd quarter of year 2019, where these machines will be installed in our existing production facility. We intend to purchase the other 2 additional CNC machines when the Workspace is completed as they would be placed there.

As such, with the increase in production floor space and the 4 additional machines to be acquired, we expect to increase our production capacity utilisation rate as well.

(ii) Recruitment of additional manpower to populate our expanded production facilities

With the additional production space, equipment and machines, we plan to recruit approximately 10 to 12 experienced machinists to operate the new equipment and machines, as well as staff for quality assurance and line leader. We will also provide training to our existing and new machinists to familiarise them with the additional machines and to ensure the safe and efficient operation of the additional machines.

4.12.2 Enlarge our customer base, by leveraging on our capabilities and technological know-how

Since our establishment, we have cultivated much goodwill and progressed steadily to become a trusted service provider for the semiconductor industry. We intend to leverage on our capabilities, technological know-how and proven track record to further (i) expand our range of offerings to our existing customers, and to (ii) acquire new customers (including those in the semiconductor industry), via targeted sales and marketing activities.

(i) Expand our range of offerings to our existing customers

Our existing customers are predominantly in the semiconductor industry, and we also have customers in medical and engineering industries.

The precision engineering parts that we manufacture such as worktables, bases, frames and rails are intermediary materials that form the structure and internal parts of the equipment/machinery that are manufactured by our customers. We also provide precision engineering services such as processing and enhancing cast iron materials to produce beams. Our subsidiary, MMI is certified compliant to ISO 9001:2015 which specifies for quality management system where the scope is appropriate for precision machining and fabrication of metal and sheet metals. This allows us to manufacture such precision engineering parts and provide such precision engineering services.

We have in May 2018 acquired 2 additional machines and expanded our product range to include sheet metal products. Precision sheet metal products are thin parts made from high strength materials that can be fabricated into complex shapes in various finishings. We have in April 2019 completed trial production runs for sheet metal casing products (i.e., casing for our customers' equipment/machinery), and ongoing QC testing for our sheet metal casing products and manufacturing process, as well as training of our machinists. As at the LPD, we have started taking orders from customers for sheet metal casing products. Presently, we have a laserlab cutting system and a CNC press brake (pressing tool for bending metal sheets and plates) to support the manufacturing of sheet metal products. The intended acquisition of the CNC turret punch press (a press that is used to form and shape metals by way of punching) is also to cater for our sheet metal process.

(ii) Acquire new customers (including those in the semiconductor industry), via targeted sales and marketing activities

As set out in Section 4.2 of this Information Memorandum, our production flow caters for the following:

- non-welded precision engineering parts and components;
- welded precision engineering parts and components; and
- processing and enhancement.

4. OVERVIEW OF OUR BUSINESS *(cont'd)*

The precision engineering parts manufactured and precision engineering services provided by us (as mentioned above) thus far, are mainly standard parts and services for most equipment. For example, such parts may also be used in machine tools, material handling equipment, robotics and automation equipment and specialized process machinery.

As such, the production flow, in essence, remains the same for a wide range of industries. While our existing customers are in the semiconductor, medical and engineering industries, our precision engineering parts and services may also be used in other industries such as electronic packaging industry, oil and gas industry, power generation industry and the automotive industry.

Furthermore, our Group's machinery is able to undertake a wide range of specifications thus allowing our machinery to cater for various industries.

In addition, we believe that we are now ready to take in orders from our customers and commercialise our sheet metal casing products.

Premised on the above, we intend to acquire new customers via targeted sales and marketing activities.

We intend to leverage on our reputation, industry experience and manufacturing competencies in the semiconductor industry to approach new customers in the semiconductor industry.

Since we have existing customers in the medical and engineering industries (collectively contributing < 2.0% of the revenue for the financial years and period under review), we believe that we are able to expand our product and service offerings (i.e., for the structure and internal parts as well as casing).

In addition, due to the nature of MMI's precision engineering parts and services (comprising mainly standard parts and services), should opportunities arise in other industries such as the oil and gas industry, power generation industry and the automotive industry, MMI would penetrate them as well.

As part of achieving this future plan, we have recently recruited a business development manager in mid May 2019 to strengthen our current marketing efforts. This business development manager will support our Managing Director and spearhead our efforts to secure new customers, including those in the medical and engineering industries. Among others, this business development manager will be responsible for approaching prospective medical and engineering companies to introduce our Group, while seeking to explore opportunities in which our Group can support their operations through the supply of precision engineering parts. She will also be responsible for securing sales orders, and gathering feedback from customers on the precision engineering parts that we supply to our customers.

We anticipate that the recruitment of this business development manager will strengthen our marketing efforts and allow us to penetrate new market segments.

4.13 Prospects

The precision engineering industry in Malaysia increased from RM4.0 billion in 2010 to RM7.1 billion in 2018 at a CAGR of 7.4%. Precision engineering parts can be used across multiple industries such as semiconductor, electronics packaging, oil and gas, power generation, medical, engineering as well as the automotive industries.

The growth of the precision engineered industry in Malaysia will be supported by demand for precision engineered parts by end user markets. The prospects for the end-user markets of the precision engineering industry are as illustrated below:

- The manufacturing sector in Malaysia, based on value of gross output, grew from RM836.5 billion in 2010 to RM1.3 trillion in 2017 at a CAGR of 6.2%. Value of gross output refers to the income from the sales of manufactured products. The electrical, electronic and optical products sub-sector had the highest value of gross output with RM361.8 billion (28.4%) in 2017. This was followed by the petroleum, chemical, rubber and plastic products sub-sector with RM340.4 billion (26.7%), and the vegetable and animal oils and fats and food processing sub-sector with RM214.0 billion (16.8%). Collectively, these three sub-sectors accounted for 71.9% of Malaysia's manufacturing sector.

- The global market for electronic products, based on worldwide production of electronic products, increased from USD18.5 trillion in 2016 to an estimated USD20.9 trillion in 2018, registering a CAGR of 6.1%. Growth of the global electronics and semiconductor industry is driven by the wide range of applications for electronics across multiple end-user industries, the convergence of electronics into consumer lifestyles, rapid technological advancements, and increasing global income levels.

(Source: The IMR Report)

Taking into consideration the outlook of the precision engineering industry above, the continuous efforts by our Group (as detailed in our business strategies and future plans) and our strong performance as reflected in our revenue and profits (as detailed out in Section 9 of this Information Memorandum), our Group is expected to continue expanding along with the expansion in the precision engineering industry.

(Source: Our Management)

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PROVIDENCE
STRATEGIC PARTNERS

PROVIDENCE STRATEGIC PARTNERS SDN BHD
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67-1, Block D, Jaya One, No. 72A, Jalan Universiti,
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

28 June 2019

The Board of Directors
MMIS BERHAD (formerly known as MMIS SDN BHD)
PT14495 Persiaran Batu Gajah Perdana 4
Kawasan Perindustrian Batu Gajah Perdana
31000 Batu Gajah
Perak
Malaysia.

Dear Sirs,

Industry Overview on the Precision Engineering Industry in Malaysia and Global Electronics and Semiconductor Industry in conjunction with the Proposed Listing of MMIS BERHAD (formerly known as MMIS SDN BHD) on the LEAP Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("PROVIDENCE") has prepared an Industry Overview Report on the Precision Engineering Industry in Malaysia and Global Electronics and Semiconductor Industry for inclusion in the Information Memorandum of MMIS BERHAD (formerly known as MMIS Sdn Bhd).

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

For and on behalf of PROVIDENCE:

ELIZABETH DHOSS
EXECUTIVE DIRECTOR

PROVIDENCE
STRATEGIC PARTNERS

1 PRECISION ENGINEERING INDUSTRY IN MALAYSIA

PRECISION ENGINEERING

Precision engineering, also known as computerised numerical controlled machining, is an automated process used to machine precise components and parts with reduced human intervention. It is part of the manufacturing process for many materials such as metals and plastics, as well as wood, ceramics and composite materials. Precision engineering parts generally require tight tolerances variation from nominal dimensions, high durability, and must also be able to be produced with the same level of accuracy repeatedly. As such, the use of numerically controlled machines in the manufacturing process of these precision engineering parts will minimise human error risks and to reduce manufacturing time.

Precision engineering parts can be used across multiple industries such as the semiconductor, electronics packaging, oil and gas, power generation, medical, engineering as well as the automotive industries. Precision engineering parts are used in machine tools, material handling equipment, robotics and automation equipment and specialised process machinery.

The precision engineering industry is a subset of the machinery and equipment industry. The precision engineering industry in Malaysia initially emerged primarily to serve the agro-based and tin mining sectors. Due to the rapid pace of industrialisation, the industry has transformed from the general fabrication and machining works to the assembly of higher-end machinery modules and components including heavy machinery and equipment manufacturing.

SEMICONDUCTOR INDUSTRY

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

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

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

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

E&E INDUSTRY

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

E&E market segmentation

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

Source: Malaysian Investment Development Authority ("MIDA")

INDUSTRY SIZE AND GROWTH POTENTIAL

The precision engineering industry in Malaysia, based on the manufacturing sales value of irradiation, electro medical and electrotherapeutic equipment as well as the manufacturing sales value of power-driven hand tools with self-contained electric or non-electric motor or pneumatic drives and metal-forming machinery and machine tools, increased from RM4.0 billion in 2010 to RM7.1 billion in 2018 at a compound annual growth rate ("CAGR") of 7.4%.

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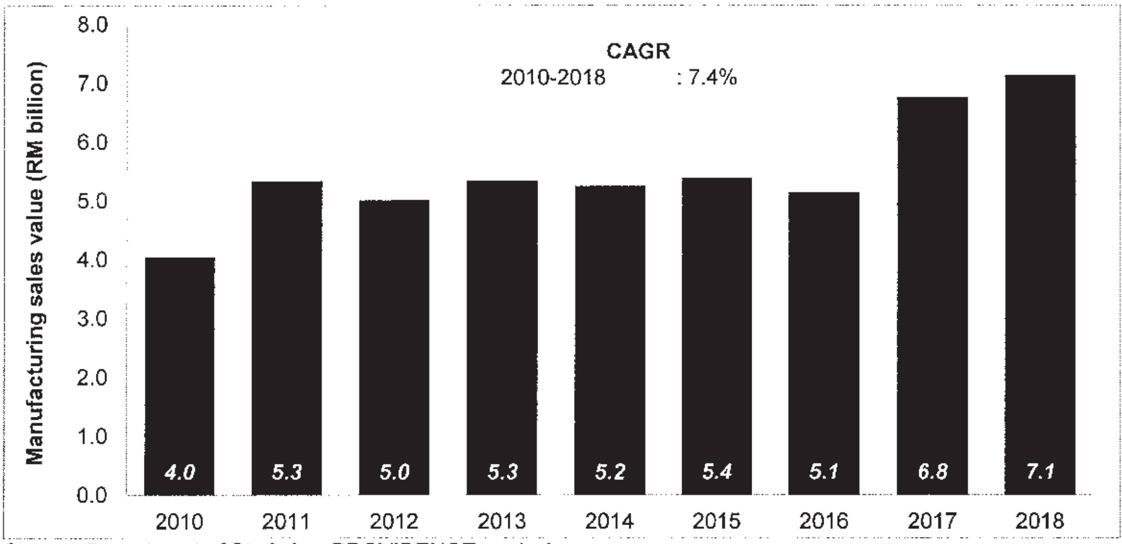
PROVIDENCE
STRATEGIC PARTNERS

Precision engineering industry size in Malaysia



Source: Department of Statistics, PROVIDENCE analysis

To support local small and medium enterprises ("SMEs"), three local companies, ViTrox Corp Berhad, Pentamaster Corp Bhd and Walta Engineering Sdn Bhd, are jointly investing RM63.0 million to develop the Penang Automation Cluster ("PAC") on a five-acre piece of land in SME Village in Batu Kawan by 2019. Being marked as the first in Malaysia, the automation cluster aims to support SMEs in precision metal fabrication, and to turn the SME Village into a one-stop metal component supply hub. Following approvals from the Department of Environment, the PAC will carry out activities such as precision engineering and sheet metal fabrication, tooling, machining, finishing and coating services.[1] The PAC plans to accommodate 18 SMEs, which will benefit the semiconductor, electronics, aerospace and medical devices industries. In addition, approximately 500 skilled jobs will be created by the cluster, with qualified employees given the opportunity to attend German Dual Vocational Training or Meister Programme.

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Growing demand for electronic products drives demand for precision engineering parts

The range of applications for E&E has broadened dramatically over the last couple of decades, and E&E products developed today play essential roles in consumer retail, medical, manufacturing, and telecommunications industries. Many of these industries cannot function without the use of E&E products. For instance, the medical industry requires the use of electronic medical equipment to perform diagnosis, monitoring and treatment of patients. The manufacturing industry today also largely consists of fully or semi-automated manufacturing facilities, and thus electronic machinery and equipment form an integral component of manufacturing activities. According to the Japan Electronics and Information Technology Industries Association ("JEITA"), the global market for electronic products, based on worldwide production of electronic products, increased from USD18.5 trillion in 2016 to an estimated USD20.9 trillion in 2018, registering a CAGR of 6.1%.

Mobile and wireless devices, which comprise mobile feature phones, smartphones and tablets, have become a necessity as a means of communication and connectivity, particularly in urban areas. The penetration of mobile phones reached 107.0% of the global population in 2018. While mobile cellular subscriptions illustrated a healthy growth of 27.1% in a span of eight years between 2010 and 2018,

[1] Special Report: Penang manufacturing ready for Industry 4.0?, 12 October 2017, The Edge Markets

active mobile broadband (which enables the use of smartphones and tablets) grew ten times faster with a growth of 277.0% during the same time period, from 816 million subscriptions in 2010 to an estimated 4.6 billion subscriptions in 2018 and thus, much of the growth of the consumer electronics industry is expected to be driven by the rapidly increasing uptake of smartphones and tablets.

Computers have become one of the most used technological items today. In fact, computers enable IT which is the application of computers and other equipment to store, retrieve, transmit and manage digital data. Information technology (IT) is increasingly integrated with consumer lifestyles and business operations. In other words, consumers and businesses have become increasingly dependent on computers for connectivity as well as to perform daily tasks such as accessing information and preparing business documents.

Growth in the demand for electronics creates corresponding demand for precision engineered parts, which are key components in semiconductor and electronic packaging and testing equipment and machinery.

Rapid technological advancements drive consumer electronics sales, and consequently, demand for precision engineered parts

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

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

Consumers are highly receptive to these new product innovations, resulting in relatively shorter product lifecycles for most electronic products, and especially consumer electronics. As a result, new and enhanced versions of products are constantly introduced to the market, and these new introductions have been the key driving factor for electronics sales. The demand for higher levels of precision engineered parts will likewise increase to support the global demand for new and enhanced versions of electronic products.

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

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

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

Prospects of the manufacturing industry creates demand potential for precision engineered parts

The manufacturing sector plays a vital role in Malaysia's economy. The gross domestic product ("GDP") of Malaysia's manufacturing sector rose from RM192.5 billion in 2010 to RM290.5 billion in 2017 and subsequently RM304.8 billion in 2018, comprising between 22.5% and 24.0% of Malaysia's total GDP.

The manufacturing sector in Malaysia, based on value of gross output, grew from RM836.5 billion in 2010 to RM1.3 trillion in 2017 at a CAGR of 6.2%. Value of gross output refers to the income from the sales of manufactured products. The electrical, electronic and optical products sub-sector had the highest value of gross output with RM361.8 billion (28.4%) in 2017. This was followed by the petroleum, chemical, rubber and plastic products sub-sector with RM340.4 billion (26.7%), and the vegetable and animal oils and fats and food processing sub-sector with RM214.0 billion (16.8%). Collectively, these three sub-sectors accounted for 71.9% of Malaysia's manufacturing sector.

Malaysia's manufacturing sector is a significant contributor to growth. Between 2010 and 2018, total approved investment in Malaysia's manufacturing sector increased from RM47.2 billion to RM87.4 billion at a CAGR of 8.0%. Total approved investment in Malaysia's manufacturing sector accounted for almost half (43.3%) of the country's total approved investments of RM201.7 billion in 2018. Over two-thirds (70.7%) of the total investments approved in Malaysia's manufacturing sector in 2018 were in new projects worth RM61.8 billion.

Foreign investments accounted for more than half of total approved investment in the manufacturing sector in Malaysia in 2018 at 66.3%, while domestic investments comprised the remaining 33.7%. The People's Republic of China ("China") was the manufacturing sector's largest investing foreign country (RM19.7 billion across 40 projects), with a large gap between it and Indonesia (RM9.0 billion in eight projects). This was closely followed by the Netherlands (RM8.3 billion across 10 projects), Japan (RM4.1 billion in an astounding 63 projects), and the United States of America ("USA") (RM3.2 billion across 18 projects). These five nations jointly accounted for 76.4% of foreign investments approved in 2018. Most of the foreign projects approved involved the production of high technology, high-value-added goods; a significant and appropriate step towards achieving Malaysia's industrial ambitions.

While the ongoing trade war between USA and China which begun in 2018 has had an adverse impact on production in multiple economies, including Malaysia, the trade war has also opened doors for Malaysian manufacturers to potentially capitalise on becoming alternative suppliers of substitutionary goods for both parties involved.

A strong manufacturing sector would pave the way to enhanced productivity, job creation, innovation capacity, high-skilled talent, and ultimately economic prosperity and societal well-being. This would position Malaysia as a primary destination for smart manufacturing globally and attract more high-tech investments. As such, on 8 May 2017, the Malaysia Productivity Blueprint was launched with the aim of raising labour productivity. This includes initiatives to promote the uptake of automation without over-relying on foreign workers, and to encourage the development of highly skilled workers through industry-led trainings, thus enabling labour-intensive industries in Malaysia's manufacturing sector to shift away from unskilled foreign workers and adopt automation by emulating smart factories to increase productivity through automation processes involving robotics, optimised assets, production quality, and the deployment of a highly skilled workforce. These labour-intensive industries include rubber products, plastics, wood, furniture, textiles, as well as fabricated metal or electrical and electronics products.

Malaysia's manufacturing sector will also continue to be remodelled towards producing more high value-added, diverse and complex products. The catalytic sub-sectors, namely electrical and electronics (E&E), machinery and equipment, and chemicals and chemical products are considered to be priority sub-sectors. The aerospace and medical devices sub-sectors have also been earmarked as having high potential growth. Enterprises are encouraged to increase their productivity by accelerating automation and innovation, undertaking research and development, implementing sustainable production practices, and leveraging industry associations in sharing best practices. In line with this, incentives, such as grants and soft loans to promote automation, technological adoption, and exports will be provided to spur industry players to adopt policies and measures that would result in productivity gains.

Growth in Malaysia's manufacturing industry creates potential opportunities for players in the precision engineering industry.

COMPETITIVE LANDSCAPE

Precision engineering parts manufacturing companies in Malaysia are broadly categorised as part of the engineering support industry by the Malaysian Investment Development Authority (MIDA). Industry players involved in the manufacture of precision engineering parts in Malaysia have begun upgrading their facilities and acquiring technologies to meet the stringent requirements of original equipment manufacturers (OEMs) for parts and components, as well as precision engineering services. Malaysia's precision engineering industry players encompasses companies carrying out a wide range of activities, including manufacturing of precision engineering parts, mould and die, machining, metal stamping, metal casting, surface engineering, heat treatment, and forging. It is a vital industry supporting the country's industrial development, due to its linkages to various economic sectors such as manufacturing, construction, transportation and the primary industries.

Profiles of selected industry players involved in the manufacture of precision engineering parts for the semiconductor industry in Malaysia

Industry player	Principal business activity
A & One Precision Engineering Sdn Bhd	Involved as a precision engineering service provider
AEL Engineering Sdn Bhd [a]	Involved in sheet metal and prototyping, precision metal stamping, as well as mechanical and product assembly
Allied Precision Manufacturing Sdn Bhd [b]	Involved in the manufacture of metal stamping, tools and dies and sub-assembly services
Alpha Precision Turning & Engineering Sdn Bhd	Involved in the manufacture of precision and complex turning, turn-mill and milling operations
AT Systematization Bhd [c]	Involved in the manufacture of precision parts
Besi Apac Sdn Bhd	Involved in the manufacture of precision tool and dies as well as precision equipment for the semiconductor industry
Dufu Metal Sdn Bhd [d]	Involved in the manufacture of high precision engineering parts, module assembly and metal fabrication parts for the semiconductor, electronics, industrial automation industries
Dufu Industries Sdn Bhd [e]	Involved in the design, development, manufacture, assembly and trade of die components as well as the precision machining of vice, computer peripherals and parts for hard disk drives

Industry player	Principal business activity
E & W Engineering Sdn Bhd	Involved in the manufacture of industrial metal parts, metal moulds and dies, furniture hardware, conveyor pressed bearing, automotive electrical and electronic components
Emerald Precision Engineering Sdn Bhd [f]	Provision of manufacturing services which ranges from general machining to ultra-high precision machining and from modular assembly to full system integration and commissioning
Foundpac Technologies Sdn Bhd [g]	Undertake the design, development, manufacture, marketing and sale of precision engineering parts
H & L High-Tech Sdn Bhd [h]	Involved in the manufacture of precision plastic injection, jigs and fixtures, moulds, tools, and dies
HY Tex Engineering Works Sdn Bhd	Involved in the manufacture of fixtures and machining parts as well as the provision of maintenance services
Impressive Edge Group Berhad	Involved in the manufacture of precision punches and pins
KW Precision Engineering Sdn Bhd	Involved in the manufacture of computer numerical control ("CNC") precision parts, CNC milling, CNC turning and CNC auto lathe
Leadman Precision Engineering Sdn Bhd	Involved in the manufacture of precision parts and machining CNC materials
Lypometal Sdn Bhd	Involved in the manufacture of high precision metal components, specialising in custom metal stamping, product design, development, manufacturing solutions and assemblies
Matomek Precision Die Sdn Bhd	Involved in the manufacture of precision tooling dies, camera parts, and precision stamping parts
Micron Metal Engineering Sdn Bhd	Involved in the manufacture of pins, nuts, printer shafts, and precision metal components
Micro-Nano Precision Sdn Bhd	Involved in the manufacture of machinery, precision parts, semiconductor parts and mould - stamping and injection industry
Multi Mould Industries Sdn Bhd [i]	Involved in the manufacture, marketing and sale of precision engineering parts for the semiconductor industry
Omega Fabrication Sdn Bhd	Involved in precision machining, jigs and fixtures fabrication
Oxford Bond Sdn Bhd	Involved in the manufacture of precision CNC lathe turning components and parts
Paradigm Precision Components Sdn Bhd [j]	Involved in the manufacture of high precision machining, as well as the provision of modular assembly, sheet metal stamping, die casting, and surface treatment services
Precede Precision Engineering Sdn Bhd	Involved in the manufacture of precision punches, dies, moulds, and cavities
RC Precision Engineering Sdn Bhd	Involved in the manufacture of precision mechanical assemblies, heavy duty mechanical structures, pneumatic controls system, precise wiring control panels / system and software capability
Rehon Industries Sdn Bhd	Involved in the manufacture of precision tooling and engineering parts, and the provision of metal stamping services
SAM Engineering & Equipment (M) Berhad	Provision of system integration services to the hard disk drive, solar, and semiconductor industries.
Seong Hin Precision Engineering Sdn Bhd	Involved in the manufacture of precision moulds, carbide tools, and dies, as well as the provision of machine part servicing
Union Plus Engineering Sdn Bhd [k]	Involved in the manufacture of high precision parts, and factory automation machine and equipment
UWC Holdings Sdn Bhd	Involved in the manufacture of laser, combo laser punching, CNC milling and turning, as well as the provision of bending, welding, painting, silk screen and assembly services
Walta Engineering Sdn Bhd	Provision of engineering solutions, specialising in the research and development and the assembly of automated systems

Notes:

This is not a comprehensive list of industry players in Malaysia. The selected industry players were identified by PROVIDENCE based on publicly available sources

[a] Subsidiary of Interplex Holdings Pte Ltd

[b] Wholly-owned subsidiary of Allied Technologies Pte Ltd, which in turn is a wholly-owned subsidiary of Allied Technologies Limited which is listed on the Singapore Exchange
[c] Listed on the ACE Market of Bursa Malaysia Securities Berhad
[d] Wholly-owned subsidiary of Dufu Technology Corp Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad
[e] Wholly-owned subsidiary of Dufu Technology Corp Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad
[f] Subsidiary of ASTI Holdings Limited, which is listed on the Singapore Exchange
[g] Wholly-owned subsidiary of FoundPac Group Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad
[h] Wholly-owned subsidiary of Kumpulan H&L High-Tech Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad
[i] Subsidiary of MMIS Berhad
[j] Subsidiary of Kobay Technology Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad
[k] Subsidiary of Union Precision Engineering Pte Ltd

Source: Companies Commission of Malaysia, PROVIDENCE

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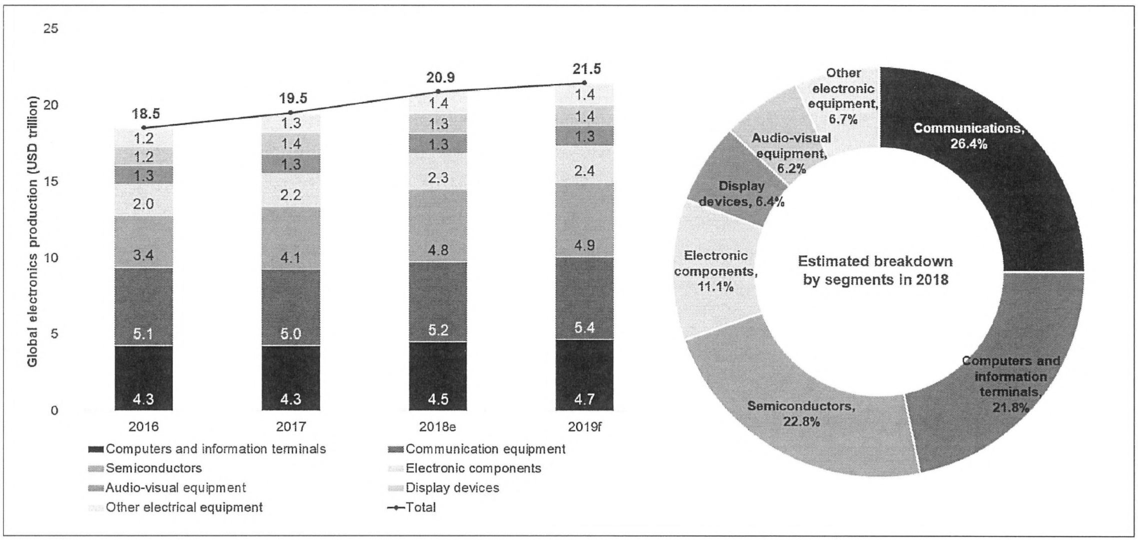
2 GLOBAL ELECTRONICS AND SEMICONDUCTOR INDUSTRY

INDUSTRY SIZE AND GROWTH POTENTIAL

The global market for electronic products, based on worldwide production of electronic products, increased from USD18.5 trillion in 2016 to an estimated USD20.9 trillion in 2018, registering a CAGR of 6.1%. From the total worldwide electrical and electronic product sales in 2018, communication equipment, computers and information terminals and semiconductors collectively comprised a significant portion, at an estimated 71.0%. Electronic components, audio-visual equipment and display devices comprised an estimated 23.7%, while other electronic equipment comprised the remaining estimated 6.7%. Global production of electronic products is forecast to reach USD21.5 trillion in 2019.

Global production of electronic products by segment



Notes:
(i) e – estimates
(ii) f – forecast
(iii) Latest available as at 28 June 2019

Source: JEITA, PROVIDENCE analysis

Growth of the global electronics and semiconductor industry is driven by the wide range of applications for electronics across multiple end-user industries, the convergence of electronics into consumer lifestyles, rapid technological advancements, and increasing global income levels.

3 PROSPECTS AND OUTLOOK FOR MMIS BERHAD

Precision engineering parts can be used across multiple industries such as semiconductor, electronics packaging, oil and gas, power generation, medical, engineering as well as the automotive industries. Precision engineering parts are used in machine tools, material handling equipment, robotics and automation equipment and specialised process machinery.

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The manufacturing sector in Malaysia, based on value of gross output, grew from RM836.5 billion in 2010 to RM1.3 trillion in 2017 at a CAGR of 6.2%. The electrical, electronic and optical products sub-sector had the highest value of gross output with RM361.8 billion (28.4%) in 2017. This was followed by the petroleum, chemical, rubber and plastic products sub-sector with RM340.4 billion (26.7%), and the vegetable and animal oils and fats and food processing sub-sector with RM214.0 billion (16.8%). Collectively, these three sub-sectors accounted for 71.9% of Malaysia's manufacturing sector.

Malaysia's manufacturing sector is a significant contributor to growth. Between 2010 and 2018, total approved investment in Malaysia's manufacturing sector increased from RM47.2 billion to RM87.4 billion at a CAGR of 8.0%. Total approved investment in Malaysia's manufacturing sector accounted for almost half (43.3%) of the country's total approved investments of RM201.7 billion in 2018. Over two-thirds (70.7%) of the total investments approved in Malaysia's manufacturing sector in 2018 were in new projects worth RM61.8 billion.

Malaysia's manufacturing sector will also continue to be remodelled towards producing more high value-added, diverse and complex products. The catalytic sub-sectors, namely electrical and electronics (E&E), machinery and equipment, and chemicals and chemical products are considered to be priority sub-sectors. The aerospace and medical devices sub-sectors have also been earmarked as having high potential growth. Enterprises are encouraged to increase their productivity by accelerating automation and innovation, undertaking research and development, implementing sustainable production practices, and leveraging industry associations in sharing best practices. In line with this, incentives, such as grants and soft loans to promote automation, technological adoption, and exports will be provided to spur industry players to adopt policies and measures that would result in productivity gains.

The precision engineering industry in Malaysia, based on the manufacturing sales value of irradiation, electro medical and electrotherapeutic equipment as well as the manufacturing sales value of power-driven hand tools with self-contained electric or non-electric motor or pneumatic drives and metal-forming machinery and machine tools, increased from RM4.0 billion in 2010 to RM7.1 billion in 2018 at a CAGR of 7.4%. PROVIDENCE believes that the prospects of MMIS Berhad (formerly known as MMIS Sdn Bhd) will be supported by the growth in the global semiconductor industry and manufacturing industry in Malaysia.

6. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER, ALONG WITH OTHER MATTERS IN THIS INFORMATION MEMORANDUM, THE RISKS AND INVESTMENT CONSIDERATIONS BELOW.

6.1 Risks relating to our business

6.1.1 We are dependent on our Managing Director and key management personnel

Our Group's continued success will depend, to a significant extent, upon the abilities, capabilities and continued efforts of our key management personnel comprising our Managing Director Loh Chin Soon, and other senior management professionals from various backgrounds and expertise.

Any loss of our key management personnel without suitable and timely replacement may adversely affect our ability to compete effectively in the industry. In recognising the importance of attracting and retaining suitably qualified personnel, we have put in place human resource strategies, which include competitive remuneration packages, the adoption of succession planning for key positions and providing employees with a variety of on-going training programmes to enhance their knowledge and capabilities.

However, we cannot provide any assurance that these measures will be successful in attracting and retaining our key management personnel or ensuring a smooth transition should changes occur.

6.1.2 We are dependent on our major customers

Our Group's top 2 customers, namely Towam Sdn Bhd and ViTrox Technologies Sdn Bhd, collectively accounted for 96.68%, 98.29% and 96.86% of our revenue for the FYE 30 June 2017, FYE 30 June 2018 and 6-month FPE 31 December 2018, respectively

Notwithstanding the above, our Board wishes to highlight the following:

(i) Save for Customer D (which has been our customer for 1 year), we have established long business relationships of more than 5 years with our major customers;

(ii) our track record of being able to offer quality products and services will support the growth in orders from our existing customers as well as to attract new customers; and

(iii) our investment (mainly in the purchase of machinery) to support our customers' needs.

In addition, our Group has maintained and will continuously strive to meet our customers' expectations by paying close attention to their feedback and working in tandem with their requirements to further improve our product and service quality.

Nevertheless, the loss of any of these customers, if not replaced, may adversely affect our financial condition and results of our operations. In addition, as we have no control over the prospects and success of our major customers' business, our financial performance may be adversely affected if they lose market share, experience financial difficulty or if they are faced with an economic downturn which affects demand for their products.

As such, no assurance can be given that the financial performance and operations of our Group will not be adversely affected by our dependence on our major customers.

6.1.3 Our financial performance is dependent on the purchase orders we receive as we do not have long term contractual agreements with our customers

We have not entered into any long-term agreements with our customers as we manufacture precision engineering parts based on confirmed orders placed via purchase orders from our customers. The lack of long-term contracts is characterised by the dynamics of the semiconductor industry which is subject to rapid technological changes, and thus frequent product specification changes. Therefore, the contracts with our customers are generally short term in nature whereby our customers will procure our precision engineering parts and services by way of purchase orders on a project-to-project basis.

Over the years, despite the absence of long term contracts with our customers, we have managed to establish a loyal customer base. Among our major customers, we have been in a business relationship of 13 years and 7 years with Towam Sdn Bhd and ViTrox Technologies Sdn Bhd, respectively. Nonetheless, there can be no assurance that the absence of long-term contracts will not materially affect our operations, financial performance or future prospects should there be prolonged disruptions in orders, especially from our major customers.

6.1.4 Our financial performance will be affected if we are unable to secure sufficient orders from our customers

Our major customers, namely Towam Sdn Bhd and ViTrox Technologies Sdn Bhd, are multinational manufacturers of semiconductor manufacturing equipment as well as manufacturers of automated testing equipment for the semiconductor industry. As a result, the size of the orders that we receive from them will depend on their respective production plans.

We receive a 6-month forecast sales order bi-annually from our major customers, indicating their projected demand levels for precision engineering parts. This allows us to plan our production process and inventory levels in anticipation of the projected demand levels for precision engineering parts from our customers. Nonetheless, there is no guarantee that these projected demand levels for precision engineering parts from our customers will materialise into purchase orders for our products and services as the production plans of our customers are affected by the cyclical nature of the semiconductor industry. The size of orders that we eventually receive from our customers are usually for deliveries within the next 2 months thus are beyond our control and we are unable to accurately predict our customers production plan with certainty. Any adverse economic, political, regulatory developments or changes in latest trends and technology in the industry which may lead to changes in our customers' production plans may materially affect our business and financial performance.

6.1.5 We are exposed to credit risks

Our financial performance is dependent, to a certain extent, on the creditworthiness of our customers. If circumstances arise that affect our customers' ability or willingness to pay us, we may experience payment delays or in more severe circumstances, we may not be able to collect payment from our customers. Accordingly, we would have to make allowance for doubtful debts, or incur debt write-offs, which may have an adverse impact on our profitability.

Nevertheless, our major customers are mainly reputable multinational corporations with strong financial standing and these customers have maintained good payment records in their past dealings with us. In addition, we conduct credit risk assessments on our new customers such as assessment on the reputation and financial information of the customers, ownership structure, country of incorporation and credit rating. Further, we monitor the outstanding balance and collection of our trade receivables.

Save for the allowance of RM28,000 (for the FYE 30 June 2017) and RM32,000 (for the FYE 30 June 2018, there were no other allowance for doubtful debts and bad debt write-off which had material adverse impact on our profitability.

However, there is no assurance that any inability to collect the debts from our customers in a timely manner would not have an unfavourable impact on our financial performance and position.

6.1.6 We may face interruption in operations as a result of non-availability, poor quality and/or fluctuations in prices of raw materials as well as poor quality outsourced work

We rely on third party suppliers for aluminium products and steel products, as well as precision parts to support our business activities. While certain purchases are made via blanket orders (as mentioned in Section 4.8 of this Information Memorandum), we purchase our raw materials mainly on an order-by-order basis and have no long-term contracts with any of our suppliers. If they fail to provide timely delivery of the raw materials or if they deliver raw materials of poor quality or if the cost rises significantly, our business, financial conditions and results of operations could be adversely affected.

We also outsource the manufacturing of small size precision engineering parts, and in instances where we do not have sufficient capacity internally to meet the delivery timelines of our customers. If our vendors deliver poor quality sub-contract work and/or on a non-timely basis, our business, financial conditions and results of operations could be adversely affected.

While we have our standard operating procedures in place, such as to assess and screen potential suppliers and our quality control procedures to determine the quality of the incoming materials as well outsourced work, there is no assurance that the above would not impact our operations.

There were no occurrences of non-availability, poor quality and/or fluctuations in prices of raw materials as well as poor quality and/or non-timely delivery of outsourced work which had materially and adversely affected our financial performance for the financial years and period under review. However, no assurance can be given that the abovementioned risks will not materially impact the profitability and operations of our Group.

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6.1.7 We are exposed to operating risks that may disrupt our manufacturing and business operations

Any fire outbreaks, power outages, disruptions of water supply, system malfunction, natural disasters and other causes may disrupt the manufacturing and business operations of our Group and consequently affect the financial performance and the reputation of our Group. Taking cognisance of such risks, our Group has a regular maintenance schedule for our machineries and equipment and has taken precautionary steps to minimise the risk of fire outbreaks through the installation of fire hydrants and fire extinguishers. In addition, our Group also ensures that all our key machineries and equipment are insured for any potential losses or physical damages due to fire outbreaks.

We have not experienced any material disruption in our manufacturing operations during the financial years and period under review. Nevertheless, there is no assurance that any security and system disruptions will not materially affect our Group's business in the future.

6.1.8 We may not be successful in the implementation of our future plans

As part of our future plans, we intend to expand our production capacity and enlarge our customer base (by securing more orders from our existing customers and additional new customers from both the semiconductor as well as the medical and engineering industries), which we believe will be beneficial to our Group. Although we endeavour to exercise due care in assessing the risks and merits of investing in the above, there is always the potential risk that the returns from these investments may require a longer-than-expected payback period or that such investments may fail.

In addition, there is no guarantee that our future plans as set out in Section 4.12 of this Information Memorandum can be implemented successfully. Future events may also affect the implementation of our future plans, such as changes in technology (resulting in cessation of the use of precision parts manufactured by us) or changes in general market conditions, which would affect our customers' demand for our products.

Although we will take active steps to mitigate such investment risk, there can be no assurance that all our future investments will yield positive returns and will not have any adverse effect on our future financial performance.

6.1.9 We are dependent on skilled labour in our manufacturing operations

Our manufacturing operations are dependent on the supply of skilled machinists for our manufacturing operations. As at the LPD, we employ 42 workers in our Production department, of which 25 are skilled machinists.

The loss of skilled labour simultaneously or within a short span of time without any suitable and timely replacements, and our inability to attract or retain qualified and competent skilled labour, may adversely affect our ability to compete and grow in the industry in which we operate. Our Group is aware of such risks, and hence, shall take the necessary measures to retain our Group's skilled labour and recruit new skilled labour when required. Although we have not previously experienced any major disruptions to our operations due to shortage of skilled labour, no assurance can be given that we will be able to recruit, develop and retain adequate number of qualified skilled labour.

6.2 Risks relating to the industry in which we operate

6.2.1 We operate in a competitive industry

We operate in a competitive industry. We support the global semiconductor industry and are subject to competition given that we provide engineering solutions to multinational corporations in the global market place. Our Group faces competition from current players in the market as well as potential new entrants. The players compete with one another based on, amongst others, quality, price and range of services.

Our Group's future success and competitiveness largely depends on, amongst others, our production capabilities and the quality of the products that we fabricate, our technical expertise, our ability to invest in additional machinery, our understanding and ability to respond to the changing economic conditions, our customers' technical specification and level of precision as well as delivery lead time, as well as, our planning and marketing strategies. Our Board believes that we will remain competitive and be able to grow our business due to our competitive advantages and key strengths as set out in Section 4.4 of this Information Memorandum.

Nevertheless, there can be no assurance that competition within our industry will not have any material impact on our business and financial performance.

6.2.2 We are dependent on the global semiconductor industry

We support the global semiconductor industry where our customers are mainly manufacturers of semiconductor manufacturing equipment as well as manufacturers of automated testing equipment. The demand for precision engineering parts and components that we manufacture is derived from the demand for our customers' products, such as semiconductor manufacturing equipment, automated testing equipment and semiconductors. The products of our customers are marketed globally and any significant change in the global demand for these products will impact on our revenue.

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

The global semiconductor industry has been impacted by the recent trade war between the USA and the PRC. In July 2018, the USA begin imposing tariffs on the PRC for the latter's alleged unfair trade practices, thus sparking the ongoing China-USA trade war. As a result of the imposed tariffs by the USA, China has also imposed its own tariffs on the USA. A purchasing deal, where the PRC promises to increase imports from the USA, has been a key point in trade talks between these nations.

Semiconductor exporters in Asia are vulnerable if the PRC imports more American products to ease trade tensions. The semiconductor industry in Malaysia is likely to be impacted as well, with industry players supporting the semiconductor value chain anticipating a drop in demand as the PRC is one of the main importers of components such as semiconductors for mobile devices, automotive components as well as computer parts. This is likewise anticipated to affect companies that provide precision engineering parts to the semiconductor industry in Malaysia.

6.2.3 We face political, economic and regulatory risks

Our Group operates in Malaysia and derives all our revenue from domestic sales. Changes in political, economic and regulatory conditions in Malaysia and the markets in which our customers operate may materially and adversely affect the overall profitability of our business. Amongst the political, economic and regulatory uncertainties that may affect our operations and profitability are the changes in political leadership, changes in interest rates, fluctuation in currency exchange rate, expropriation, nationalisation or nullification of existing sales orders and contracts, as well as the changes in the regulations relating to taxation or licensing in which our Group and our customers operate.

We have adopted a proactive approach in keeping abreast with the political, economic and regulatory developments in the relevant jurisdictions reported through various media, participation and attendance in events and seminars hosted by government agencies as well as the provision of relevant trainings to designated employees on any updates to the regulatory requirements in respect of labour, machinery and safety and will continue to ensure material compliance with the legal and regulatory frameworks in the countries in which we or our customers operate. However, there is no assurance that the introduction of new laws or other future economic, political and regulatory conditions will not have a material adverse effect on the business, results of operations or financial condition of our Group.

6.3 Risks relating to an investment in our Shares

6.3.1 We may not be able to proceed with or experience a delay for our Proposed Listing

Bursa Securities may not grant an approval-in-principle for our Proposed Listing or if granted, we may not be able to proceed with or experience a delay in our Proposed Listing due to, amongst others, the following reasons:

(i) the identified Sophisticated Investors fail to subscribe for the portions of the Issue Shares allotted to them; or

(ii) the occurrence of any force majeure events, which are beyond our control, before our Proposed Listing.

Nevertheless, we will endeavour to ensure compliance with the Listing Requirements for our successful listing on the LEAP Market.

6.3.2 There may not be an active or liquid market for our Shares

The listing of and quotation for our Shares on the LEAP Market of Bursa Securities does not guarantee that an active market for the trading of our Shares will develop.

There can also be no assurance that the Issue Price, which has been determined after taking into consideration the factors as set out in Section 2.1.2 of this Information Memorandum, will correspond to the price at which our Shares will be traded on the LEAP Market upon or subsequent to our Listing.

6.3.3 Our Promoters can exercise significant control over us

Upon our listing, our Promoters will collectively hold up to 81.00% (based on the Maximum Scenario) of our enlarged issued share capital. As a result, these shareholders have voting control over our Company and are expected to have significant influence on the outcome of certain matters, unless they are required to abstain from voting by law and/or by the relevant authorities.

6.3.4 We may not be able to pay dividends

Our Company, being an investment holding company, derives income mainly from dividends received from our subsidiary. Hence, our ability to pay future dividends and our ability to sustain our dividend policy in the future are largely dependent on the performance of our subsidiary. In determining the size 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, debt servicing and financing commitments, future expansion plans, loan covenants and compliance with regulatory requirements.

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

7.1 Promoters and substantial shareholders

7.1.1 Shareholdings

The shareholdings of the Promoters and substantial shareholders in our Company before and after our Proposed Listing are as follows:

					Minimum Scenario				Maximum Scenario			
	Before our Proposed Listing				After our Proposed Listing				After our Proposed Listing			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares		No. of Shares	%
Promoter and substantial shareholder												
Loh Chin Soon	202,500,000	45.00	-	-	202,500,000	43.09	-	-	202,500,000	40.50	-	-
Low Oo Seng	101,250,000	22.50	-	-	101,250,000	21.54	-	-	101,250,000	20.25	-	-
Loh Chin Siang	101,250,000	22.50	-	-	101,250,000	21.54	-	-	101,250,000	20.25	-	-

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7.1.2 Profile

Loh Chin Soon, Malaysian, aged 51
Promoter, substantial shareholder and Managing Director

Loh Chin Soon, a Malaysian, aged 51, is our Managing Director. He was appointed to our Board on 22 February 2019. In 1986, he completed his secondary school education at Sekolah Menengah Kebangsaan Dato Haji Hussein, Selama, Perak.

He began his career in 1987 as a mould maker at Yuen Tat Engineering Works where he learnt the mould making trade. In 1992, he then became an equity partner of Nam Yee Engineering Works where he was responsible for marketing and production activities. He ceased to be an equity partner in Nam Yee Engineering Works in 1994. He then joined Multi Mould Supply in 1994 as Marketing Manager. Multi Mould Supply ceased its business operations and became dormant during the FYE 30 April 2005.

In 1996, he joined MMI as Director and shareholder. He was also appointed as Managing Director of MMI where his role relates to setting direction and growing our business.

Low Oo Seng, Malaysian, aged 62
Promoter, substantial shareholder and Executive Director

Low Oo Seng, a Malaysian, aged 62 is our Executive Director. He was appointed to our Board on 22 February 2019. In 1975, he completed his secondary school education at at Han Chiang High School, Penang.

In 1976, he began his career as a general worker at Lian Wah Electrical. He then joined Choong Sam Foundry as a purchaser in 1983. He joined Heap Sing Chan Sdn Bhd in 1983 as a sales representative. In 1986, he became the Managing Director of Chuan Aun Hardware Sdn Bhd. In 1994, he founded Multi Mould Supply which was then involved in the trading and supply of mould base components for the plastic industry. Multi Mould Supply ceased its business operations and became dormant during the FYE 30 April 2005.

In 1996, he joined MMI as Director and shareholder. Low Oo Seng oversees the overall daily operations of the Group mainly in an advisory and strategic capacity.

Loh Chin Siang, Malaysian, aged 46
Promoter, substantial shareholder and Executive Director

Loh Chin Siang, a Malaysian, aged 46, is our Executive Director. He was appointed to our Board on 22 February 2019. In 1994, he graduated with a Diploma in Electro-Mechanical Engineering from Institut Teknologi Linton, Ipoh, Perak.

He began his career in 1994 when he joined Siemens Malaysia as a technician. In 1998, he joined Multi Gear Engineering Sdn Bhd as a CNC machine trainee. He then joined Hytes Engineering Works Sdn Bhd as a CNC machinist in the following year. In 2002, he joined MMI as a supervisor where his responsibilities were to oversee production activities in MMI.

He became a Director and shareholder of MMI in 2011 and 2007, respectively. He is also the General Manager, Operation and Logistic of MMI where his role relates to managing and planning production operations.

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

7.2 Directors

7.2.1 Shareholdings

The shareholdings of our Directors before and after our Proposed Listing are as follows:

						Minimum Scenario				Maximum Scenario			
		Before our Proposed Listing				After our Proposed Listing				After our Proposed Listing			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
Director	**Designation**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Loh Chin Soon	Managing Director	202,500,000	45.00	-	-	202,500,000	43.09	-	-	202,500,000	40.50	-	-
Low Oo Seng	Executive Director	101,250,000	22.50	-	-	101,250,000	21.54	-	-	101,250,000	20.25	-	-
Loh Chin Siang	Executive Director	101,250,000	22.50	-	-	101,250,000	21.54	-	-	101,250,000	20.25	-	-

7.2.2 Profile

The profile of Loh Chin Soon, who is also our Promoter and Managing Director, has been disclosed in Section 7.1.2 of this Information Memorandum.

The profile of Low Oo Seng, who is also our Promoter and Executive Director, has been disclosed in Section 7.1.2 of this Information Memorandum.

The profile of Loh Chin Siang, who is also our Promoter and Executive Director, has been disclosed in Section 7.1.2 of this Information Memorandum.

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

7.3 Key management personnel

7.3.1 Shareholdings

Our key management personnel and their respective shareholdings in our Company before and after our Proposed Listing are as follows:

						Minimum Scenario				Maximum Scenario			
		Before our Proposed Listing				After our Proposed Listing				After our Proposed Listing			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
Key management	Designation	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Loh Chin Soon	Managing Director	202,500,000	45.00	-	-	202,500,000	43.09	-	-	202,500,000	40.50	-	-
Loh Chin Siang	Executive Director	101,250,000	22.50	-	-	101,250,000	21.54	-	-	101,250,000	20.25	-	-
Dr. Chin Fook Kheong	Head of Corporate Finance	-	-	-	-	-	-	-	-	-	-	-	-
Chew Lai Wei	Operations Manager	-	-	-	-	-	-	-	-	-	-	-	-
Yip Lai Sar	Finance and Administration Executive	-	-	-	-	-	-	-	-	-	-	-	-
Seah Weai Lin	Business Development Manager	-	-	-	-	-	-	-	-	-	-	-	-

7.3.2 Profile

The profile of Loh Chin Soon, who is also our Promoter and Managing Director, has been disclosed in Section 7.1.2 of this Information Memorandum.

The profile of Loh Chin Siang, who is also our Promoter and Executive Director, has been disclosed in Section 7.1.2 of this Information Memorandum.

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

Dr. Chin Fook Kheong, Malaysian, aged 55
Head of Corporate Finance

Dr. Chin Fook Kheong, a Malaysian, aged 55, is our Head of Corporate Finance. He graduated from Tunku Abdul Rahman College in 1986 and completed examinations from the Institute of Cost Management Accountants (ICMA), United Kingdom (now known as The Chartered Institute of Management Accountants (CIMA)). In 1992, he was admitted as a Fellow (FCA) member of CIMA. In 1997, he was admitted as a Registered Accountant with Malaysian Institute of Accountants (MIA) and re-designated as a Chartered Accountant in year 2001.

In 2004, he graduated with Master's degree in Business Administration (MBA) from the University of Nottingham, United Kingdom. In 2008, he was admitted as an Associate (ACA) member of The Institute of Chartered Accountants in England and Wales (ICAEW), United Kingdom. Subsequently, he passed a Pre-Contract Examination for Insurance Agents Certificate for General Insurance, Life Insurance and Investment-Linked Life Insurance. In 2011, he passed the Certified Financial Planner (CFP) certified examination and was admitted as a certified member of Financial Planning Association of Malaysia (FPAM). In addition, he also passed the Certificate in Investor Relations, IR Society, United Kingdom. In 2014, he then obtained a Masters of Arts from Alpha and Omega International College (AOIC), Malaysia. In 2018, he obtained a Doctor in Business Administration from City University in Malaysia.

He began his career in 1987 as an auditor at S F Yap & Co. He then joined Nanyang Union Sdn Bhd as a management accountant in 1988. In 1990, he joined Mulpha Trading (HK) Ltd as a manager cum director. He was subsequently transferred to Mulpha International Berhad as a manager of Corporate Services in 1992. In 1996, he re-joined Nanyang Union Sdn Bhd as a Group Financial Controller. He then joined Jac Malaysia Sdn Bhd and Cobat Specialty Chemicals Inc. between 1998 and September 2000. From October 2000 to April 2012, he was with GHL Group of Companies, where he held the position of Group Finance Director. He then joined Sentoria Group Berhad as Group Chief Operating Officer in 2012. In 2013, he became the General Manager Finance of Tanco Berhad. He then joined CME Group Berhad as the Head of Corporate Finance in 2015, before leaving to join MPCB Berhad, also in the capacity of Head of Corporate Finance, in 2017. In 2018, he joined TFP Solutions Berhad as Head of Corporate Finance.

He subsequently joined MMI in January 2019 as Head of Corporate Finance. He is responsible for overseeing the corporate finance affairs of our Group.

Chew Lai Wei, Malaysian, aged 45
Operations Manager

Chew Lai Wei, a Malaysian, aged 45, is our Quality Control Manager. He graduated with a Diploma in Computer Engineering from the Perak Institute of Engineering Technology, Perak in 1995.

He began his career as a Quality Assurance Manager in Superrite (M) Sdn Bhd in 1992. He then joined Long Way Corp Ltd, a Taiwanese company based in the PRC, as Quality Assurance Manager in 2008. In 2015, he was appointed as Managing Director of HS Engineering & Industrial. As HS Engineering & Industrial is a company owned by him and his family, he has resigned from all executive, managerial and operational roles/capacities in HS Engineering & Industrial in February 2019 but remains a director and substantial shareholder.

He subsequently joined MMI in February 2019 as Operations Manager where he is responsible for overseeing factory operations and ensuring quality of our precision engineered products.

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

Yip Lai Sar, Malaysian, aged 41
Finance and Administration Executive

Yip Lai Sar, a Malaysian, aged 41, is our Finance and Administration Executive. She obtained a London Chamber of Commerce & Industry (LCCI) diploma in 1999 from Shen Jai School of Commerce, Ipoh, Perak.

She began her career as an administration clerk at Yew Lee Chiong Tin Factory Sdn Bhd in 1998. She then joined Munsang Poh Sdn Bhd as an accounts clerk in 2000. In 2004, she joined Percetakan Zainon Kassim Sdn Bhd in the capacity of accounts clerk.

She joined MMI in 2004 as Finance and Administration Executive where her responsibilities involve overseeing our accounting and administrative functions.

Seah Weai Lin, Malaysian, aged 29
Business Development Manager

Seah Weai Lin, a Malaysian, aged 29, is our Business Development Manager. She graduated with a Bachelor of Business Management, with First Class Honours, from Universiti Utara Malaysia, Kedah, in 2013.

She began her career in 2012 when she joined Benchmark Electronic (M) Sdn Bhd as an industrial trainee in order fulfilment department where she played a role as planner in planning the deliveries of the company's products. Upon completion of her industrial training, she joined ViTrox Technologies Sdn Bhd as a senior planner. At ViTrox Technologies Sdn Bhd, she was responsible for coordinating customer order fulfilment from the point of material procurement to finished goods delivery for both mass production and new product introduction (NPI). In 2018, she joined Star CNC Sdn Bhd as a business development assistant manager where her tasks involved identifying potential customers and conducting corporate profile presentations to these customers, customer relationship management, negotiating payment terms and generating sales performance reports.

She joined MMI in mid-May 2019 as Business Development Manager where she is responsible for identifying prospective customers and marketing MMI's services to these customers, securing sales order and customer relationship management.

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

7.4 Involvement of our Promoters, substantial shareholders, Directors and key management personnel in businesses/corporations outside our Group

Save as disclosed below, our Promoters, substantial shareholders, Directors and/or key management personnel do not have any other directorships in other Malaysian corporations or any principal business activities performed outside our Group for the past 3 years prior to the LPD:

Name	Company	Involvement (Director/Shareholder)	Principal activities
Loh Chin Soon	Multi Mould Supply	Director/Shareholder	Dormant (1)
Low Oo Seng (2)	Multi Mould Supply	Director/Shareholder	Dormant (1)
	Mitserve Industries Sdn Bhd ("**Mitserve Industries**")	Director/Shareholder	Supplying and servicing engineering spare parts
Loh Chin Siang	Multi Mould Supply	Shareholder	Dormant (1)
Chew Lai Wei	HS Engineering & Industrial	Director/Shareholder	Engaged in trading of pneumatic product, hardware, materials and engineering services as well as general trading (3)

Notes:

(1) *Multi Mould Supply was previously involved in the trading and supply of mould base components for the plastic industry. Multi Mould Supply ceased its business operations and became dormant during the FYE 30 April 2005. Please refer to Section 10.3 of this Information Memorandum for further details.*

(2) *Low Oo Seng has confirmed that Mitserve Industries is not involved in any business activities that are similar to those in the ordinary course of business of the Group as it is mainly involved in supplying and servicing engineering spare parts for the automobile industry. Mitserve Industries is a company owned by Low Oo Seng and his son, Low Jia Pheng where both are directors. Mitserve Industries' business and operations is managed by Low Jia Pheng, and thus does not require a significant amount of Low Oo Seng's time.*

In addition, based on the findings of Companies Commission of Malaysia searches performed, Low Oo Seng also had involvement in Multicorp Engineering Sdn Bhd (where he was a director and substantial shareholder) and Luck Ee Salted Chicken (where he was the owner of Luck Ee Salted Chicken). Multicorp Engineering was dissolved on 30 August 2007 and Luck Ee Salted Chicken was terminated on 22 April 2011.

Premised on the above, the involvement of Low Oo Seng in the above-mentioned companies outside our Group does not give rise to any conflict of interest situation with the business of our Group. The involvement of Low Oo Seng in said companies also does not require significant amount of time, and hence does not affect his ability to perform his roles and responsibilities in our Group.

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

(3) Chew Lai Wei has confirmed that HS Engineering & Industrial is not involved in any business activities that are similar to those in the ordinary course of business of the Group as it is mainly involved in trading of general pneumatic products (such as PU (Polyurethane) tubing, air cylinders and fittings for various industries), hardware, materials and engineering services as well as general trading. HS Engineering & Industrial is a company owned by Chew Lai Wei, his siblings, Chew Ai Hoon and Chew Lai Sian and mother, Goh Ah Nya @ Goh Siew Lian, where they are all directors. HS Engineering & Industrial's business and operations is managed by Chew Ai Hoon and Chew Lai Sian thus does not require a significant amount Chew Lai Wei's time. Furthermore, he has resigned from all executive, managerial and operational roles/capacities in HS Engineering & Industrial in February 2019.

Premised on the above, the involvement of Chew Lai Wei in HS Engineering & Industrial outside our Group does not give rise to any conflict of interest situation with the business of our Group. The involvement of Chew Lai Wei in HS Engineering & Industrial also does not require significant amount of time, and hence does not affect his ability to perform his roles and responsibilities in our Group.

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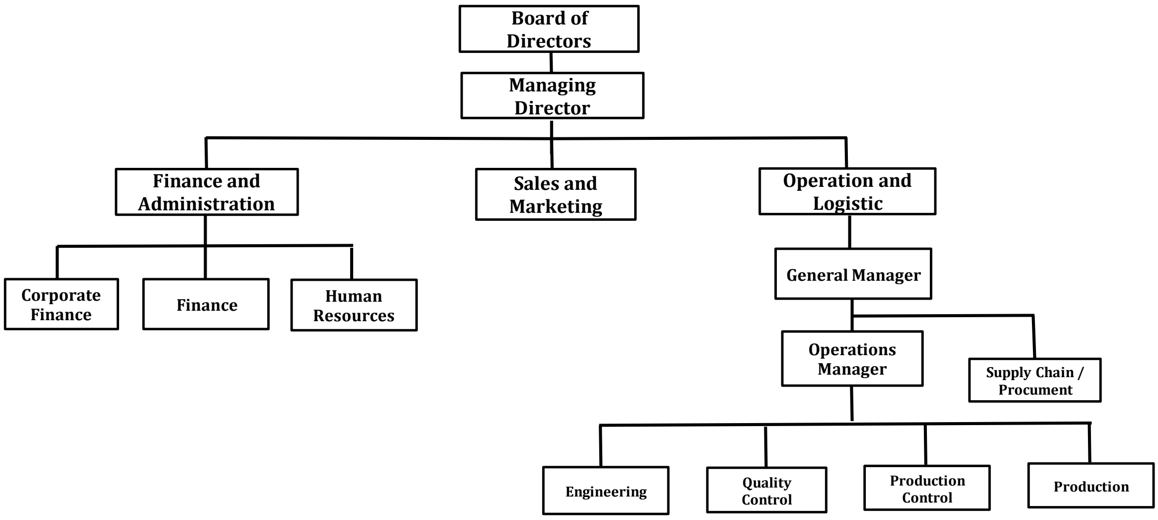
7. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

7.5 Employees

Our organisation chart is as follows:



A summary of our Group's total workforce as at the LPD is set out below:

Category	No. of Employees as at LPD
Executive Directors / Board	3
Finance and administration	8
Sales and marketing	2
Operation and logistic	42
TOTAL	**55**

We have a total workforce of 55 full time employees, of whom 7 are foreign workers (all of whom are in operation and logistics), who are all based in our current production facility. The 7 foreign workers are currently employed on a contractual basis, comprising 6 machine operators and 1 general worker. All the foreign workers have a valid working permit and passport respectively.

7.6 Internal control and risk management systems

In order to ensure the adequacy and effectiveness of our internal control and risk management systems, we have engaged the Independent Internal Control and Risk Management Consultants to conduct a review. The Board, after taking into consideration the review results by the Independent Internal Control and Risk Management Consultants, is of the opinion that our internal control and risk management framework is adequate and operating effectively.

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

7.7 Moratorium

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:

(i) the moratorium applies to our Promoters' entire shareholdings for a period of 12 months from the date of our admission to the Official List; and

(ii) upon expiry of the 12-month period stated above, our Promoters' aggregate shareholdings amounting to at least 45% of the total number of issued Shares shall remain under moratorium for another period of 36 months.

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 not sell, transfer or assign their securities in the unlisted corporation for the period stipulated above.

In addition, our existing Public shareholders as set out in the table below have agreed and have provided written undertakings to place their respective Shares under moratorium for a period of 12 months from the date of our admission to the Official List.

The moratorium shall be imposed according to the following:

<u>Minimum Scenario:</u>

	Shares under moratorium from the first 12 months upon the Proposed Listing		**Shares under moratorium for the subsequent 36 months**	
	No. of Shares	**%[1]**	**No. of Shares**	**%[1]**
<u>Promoters</u>				
Loh Chin Soon	202,500,000	43.09	105,750,000	22.50
Low Oo Seng	101,250,000	21.54	52,875,000	11.25
Loh Chin Siang	101,250,000	21.54	52,875,000	11.25
	405,000,000	86.17	211,500,000	45.00
<u>Existing Public shareholders</u>				
Subscribers[3]	45,000,000	9.57	-	-
Total	**450,000,000**	**95.74**	**211,500,000**	**45.00**

Maximum Scenario:

	Shares under moratorium from the first 12 months upon the Proposed Listing		Shares under moratorium for the subsequent 36 months	
	No. of Shares	**%(2)**	**No. of Shares**	**%(2)**
Promoters				
Loh Chin Soon	202,500,000	40.50	112,500,000	22.50
Low Oo Seng	101,250,000	20.25	56,250,000	11.25
Loh Chin Siang	101,250,000	20.25	56,250,000	11.25
	405,000,000	81.00	225,000,000	45.00
Existing Public shareholders				
Subscribers(3)	45,000,000	9.00	-	-
Total	**450,000,000**	**90.00**	**225,000,000**	**45.00**

Notes:

(1) Based on our enlarged issued share capital of 470,000,000 Shares under the Minimum Scenario upon the Proposed Listing.

(2) Based on our enlarged issued share capital of 500,000,000 Shares under the Maximum Scenario upon the Proposed Listing.

(3) The Subscribers are not related to our Promoters (whom are also our substantial shareholders and Directors). They individually hold less than 5.0% of the shareholding in MMIS both before and after our Proposed Listing

The moratorium, which is fully acknowledged by our Promoters and our existing Public shareholders in the above table, is specifically endorsed on our share certificates representing their shareholdings to ensure that our Share Registrar will not register any sale, transfer or assignment that is not in compliance with the above moratorium.

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8. FINANCIAL INFORMATION

8.1 Audited statements of profit or loss and other comprehensive income

The following table, which has been extracted from our audited financial statements as set out in the Appendix of this Information Memorandum, sets out our audited statements of profit or loss and other comprehensive income for the FYE 30 June 2017, FYE 30 June 2018 and 6-month FPE 31 December 2018 and should be read in conjunction with the 'Management Discussion and Analysis' in Section 9 of this Information Memorandum.

	<------------- Audited	------------>	Unaudited	Audited
	<--------------- FYE	------------->	<------------ 6-month FPE	----------->
	30 June 2017	**30 June 2018**	**31 December 2017**	**31 December 2018**
	RM	**RM**	**RM**	**RM**
Revenue	**9,347,005**	**17,015,955**	**7,876,292**	**7,820,996**
Cost of sales	(6,076,890)	(8,362,364)	(4,075,755)	(3,510,926)
GP	**3,270,115**	**8,653,591**	**3,800,537**	**4,310,070**
Other operating income	73,217	128,907	34,191	185,883
Administrative expenses	(1,174,472)	(2,957,214)	(1,193,029)	(646,730)
Selling and distribution expenses	(133,468)	(181,697)	(53,782)	(50,301)
Other operating expenses	(107,122)	(69,380)	(599)	-
Results from operating activities	**1,928,270**	**5,574,207**	**2,587,318**	**3,798,922**
Finance costs	(213,398)	(304,533)	(107,875)	(179,651)
PBT	**1,714,872**	**5,269,674**	**2,479,443**	**3,619,271**
Tax expense	(413,959)	(1,155,257)	(570,791)	(988,490)
PAT	**1,300,913**	**4,114,417**	**1,908,652**	**2,630,781**
Other comprehensive income	-	-	-	-
Total comprehensive income for the year/period	**1,300,913**	**4,114,417**	**1,908,652**	**2,630,781**
EBITDA (i)	2,335,180	6,198,851	2,907,095	4,153,196
Enlarged total number of Shares after the Proposed Listing (Minimum Scenario)	470,000,000	470,000,000	470,000,000	470,000,000
Enlarged total number of Shares after the Proposed Listing (Maximum Scenario)	500,000,000	500,000,000	500,000,000	500,000,000
GP margin (ii) (%)	34.99	50.86	48.25	55.11
EBITDA (iii) (%)	24.98	36.43	36.91	53.10
PBT margin (iv) (%)	18.35	30.97	31.48	46.28
PAT margin (v) (%)	13.92	24.18	24.23	33.64
Basic and diluted EPS (vi) (sen) (Minimum Scenario)	0.28	0.88	0.41	0.56
Basic and diluted EPS (vii) (sen) (Maximum Scenario)	0.26	0.82	0.38	0.53

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8. FINANCIAL INFORMATION *(cont'd)*

Notes:

(i) *EBITDA is computed as follows:*

	<-------- Audited ------->		Unaudited	Audited
	<---------- FYE --------->		<--------- 6-month FPE -------->	
	30 June 2017	**30 June 2018**	**31 December 2017**	**31 December 2018**
	RM	**RM**	**RM**	**RM**
PBT	*1,714,872*	*5,269,674*	*2,479,443*	*3,619,271*
Add:				
Interest expense	*213,398*	*304,533*	*107,875*	*179,651*
Depreciation	*420,953*	*668,836*	*329,529*	*377,233*
Less:				
Interest income	*14,043*	*14,192*	*9,752*	*7,959*
Amortisation of government grant	-	*30,000*	-	*15,000*
EBITDA	*2,335,180*	*6,198,851*	*2,907,095*	*4,153,196*

(ii) *GP margin is computed based on GP over revenue.*

(iii) *EBITDA margin is computed based on EBITDA over revenue.*

(iv) *PBT margin is computed based on PBT over revenue.*

(v) *PAT margin is computed based on PAT over revenue.*

(vi) *Basic EPS is computed based on PAT divided by our enlarged share capital of 470,000,000 (based on the Minimum Scenario) Shares after the Proposed Listing. Our Company does not have any outstanding convertible securities.*

(vii) *Basic EPS is computed based on PAT divided by our enlarged share capital of 500,000,000 (based on the Maximum Scenario) Shares after the Proposed Listing. Our Company does not have any outstanding convertible securities.*

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8.2 Audited statements of financial position and pro forma statements of financial position

The following table, which has been extracted from our audited financial statements as set out in the Appendix of this Information Memorandum, sets out our audited statements of financial position as at 30 June 2017, 30 June 2018 and 31 December 2018 and should be read in conjunction with the 'Management Discussion and Analysis' in Section 9 of this Information Memorandum.

	< ---------- Audited	----------	---------- >
	< ---------- As at	----------	---------- >
	30 June 2017	**30 June 2018**	**31 December 2018**
	RM	**RM**	**RM**
Assets			
Property, plant and equipment	6,664,293	6,522,626	8,769,693
Investment property	-	1,113,004	1,106,423
Total non-current assets	**6,664,293**	**7,635,630**	**9,876,116**
Inventories	398,434	358,558	728,260
Trade receivables	3,116,894	4,153,044	3,457,259
Other receivables, deposits and prepayments	184,501	362,686	456,995
Fixed deposits with licensed banks	483,172	497,364	32,456
Cash and cash equivalents	129,780	3,030,458	4,074,945
Total current assets	**4,312,781**	**8,402,110**	**8,749,915**
Total assets	**10,977,074**	**16,037,740**	**18,626,031**
Equity			
Share capital	150,000	150,000	150,000
Retained earnings	3,744,436	7,708,853	9,139,634
Total equity	**3,894,436**	**7,858,853**	**9,289,634**
Liabilities			
Deferred tax liabilities	52,831	34,839	143,842
Deferred income	-	270,000	255,000
Finance lease liabilities	2,259,678	1,986,707	2,925,289
Loans and borrowings	2,183,709	2,067,120	1,964,942
Total non-current liabilities	**4,496,218**	**4,358,666**	**5,289,073**
Trade payables	1,137,139	895,636	647,485
Other payables and accruals	308,905	629,331	106,756
Amount due to a related company	118,147	115,255	-
Dividend payable	-	-	150,000
Finance lease liabilities	477,124	600,454	784,664
Loans and borrowings	485,812	972,003	1,834,640
Current tax liabilities	59,293	607,542	523,779
Total current liabilities	**2,586,420**	**3,820,221**	**4,047,324**
Total liabilities	**7,082,638**	**8,178,887**	**9,336,397**
Total equity and liabilities	**10,977,074**	**16,037,740**	**18,626,031**
NA per Share (sen) (i) (Minimum Scenario)	0.83	1.67	1.98
NA per Share (sen) (ii) (Maximum Scenario)	0.78	1.57	1.86
Gearing ratio (times) (iii)	1.39	0.72	0.81

8. FINANCIAL INFORMATION *(cont'd)*

Notes:

(i) Computed based on our enlarged share capital of 470,000,000 Shares (based on the Minimum Scenario) after the Proposed Listing.

(ii) Computed based on our enlarged share capital of 500,000,000 Shares (based on the Maximum Scenario) after the Proposed Listing.

(iii) Gearing is computed based on total borrowings over total equity.

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8. FINANCIAL INFORMATION *(cont'd)*

The following table sets out the pro forma statements of financial position of our Group based on the assumption that MMIS has been incorporated as at 31 December 2018 and MMI's audited statement of financial position as at 31 December 2018, to show the events had our Company been incorporated as at 31 December 2018, events subsequent to 31 December 2018 (being the Pre-listing Reorganisation) and the pro forma effects of the Proposed Excluded Issue and utilisation of proceeds.

Minimum Scenario

		<---------------- Pre-listing Reorganisation	------------->				
		MMI			Pro forma I	Pro forma II	Pro forma III
	Based on the assumption that MMIS has been incorporated as at 31 December 2018*	Audited as at 31 December 2018	(I) Issuance of ICPS by MMI	(II) After (I) and full conversion of ICPS	After acquisition of MMI	After Pro forma I and Proposed Excluded Issue	After Pro forma II and utilisation of proceeds
	RM	RM	RM	RM	RM	RM	RM
Assets							
Property, plant and equipment	-	8,769,693	8,769,693	8,769,693	8,769,693	8,769,693	9,869,693(iv)
Investment property	-	1,106,423	1,106,423	1,106,423	1,106,423	1,106,423	1,106,423
Deferred tax assets	-	-	28,617	-	-	-	-
Total non-current assets	**-**	**9,876,116**	**9,904,733**	**9,876,116**	**9,876,116**	**9,876,116**	**10,976,116**
Inventories	-	728,260	728,260	728,260	728,260	728,260	728,260
Trade receivables	-	3,457,259	3,457,259	3,457,259	3,457,259	3,457,259	3,457,259
Other receivables, deposits and prepayments	-	456,995	456,995	456,995	456,995	456,995	456,995
Fixed deposits with licensed banks	-	32,456	32,456	32,456	32,456	32,456	32,456
Cash and cash equivalents	2	4,074,945	5,074,945	5,074,945	5,074,947	7,074,947(iii)	5,074,947(iv)
Total current assets	**2**	**8,749,915**	**9,749,915**	**9,749,915**	**9,749,917**	**11,749,917**	**9,749,917**
Total assets	**2**	**18,626,031**	**19,654,648**	**19,626,031**	**19,626,033**	**21,626,033**	**20,726,033**
Equity							
Share capital	**2**	150,000	150,000	1,150,000	10,000,002	12,000,002(iii)	12,000,002
Merger deficit	-	-	-	-	(8,850,000)	(8,850,000)	(8,850,000)
ICPS	-	-	909,378	-	-	-	-
Retained earnings	-	9,139,634	9,139,634	9,139,634	9,139,634	9,139,634	8,239,634(iv)
Total equity	**2**	**9,289,634**	**10,199,012**	**10,289,634**	**10,289,636**	**12,289,636**	**11,389,636**
Liabilities							
Finance lease liabilities	-	2,925,289	2,925,289	2,925,289	2,925,289	2,925,289	2,925,289
Loans and borrowings	-	1,964,942	1,964,942	1,964,942	1,964,942	1,964,942	1,964,942
Deferred income	-	255,000	255,000	255,000	255,000	255,000	255,000
Deferred tax liabilities	-	143,842	143,842	143,842	143,842	143,842	143,842
Total non-current liabilities	**-**	**5,289,073**	**5,289,073**	**5,289,073**	**5,289,073**	**5,289,073**	**5,289,073**
Trade payables	-	647,485	647,485	647,485	647,485	647,485	647,485
Other payables and accruals	-	106,756	106,756	106,756	106,756	106,756	106,756
Finance lease liabilities	-	784,664	784,664	784,664	784,664	784,664	784,664
Dividend payable	-	150,000	150,000	150,000	150,000	150,000	150,000
Loans and borrowings	-	1,834,640	1,834,640	1,834,640	1,834,640	1,834,640	1,834,640
ICPS	-	-	119,239	-	-	-	-
Current tax liabilities	-	523,779	523,779	523,779	523,779	523,779	523,779
Total current liabilities	**-**	**4,047,324**	**4,166,563**	**4,047,324**	**4,047,324**	**4,047,324**	**4,047,324**
Total liabilities	**-**	**9,336,397**	**9,455,636**	**9,336,397**	**9,336,397**	**9,336,397**	**9,336,397**
Total equity and liabilities	**2**	**18,626,031**	**19,654,648**	**19,626,031**	**19,626,033**	**21,626,033**	**20,726,033**

8. FINANCIAL INFORMATION *(cont'd)*

No. of Shares	100	150,000	150,000	166,600	450,000,000	470,000,000	470,000,000
NA	2	9,289,634	10,199,012	10,289,634	10,289,636	12,289,636	11,389,636
NA per Share (RM) (i)	0.02	61.93	67.99	61.76	0.02	0.03	0.02
Total interest bearing borrowings	-	7,509,535	7,509,535	7,509,535	7,509,535	7,509,535	7,509,535
Gearing ratio (times) (ii)	-	0.81	0.74	0.73	0.73	0.61	0.66

Notes:

* *Based on unaudited financial statements for period from 22 February 2019 to 31 May 2019.*

(i) Computed based on our NA over number of Shares.

(ii) Gearing is computed based on total borrowings over total equity.

(iii) Being proceeds of RM2.0 million raised from the Proposed Excluded Issue.

(iv) The proceeds are intended to be utilised in the following manner:
- *capital expenditure of RM1.10 million; and*
- *estimated expenses of RM0.90 million. The estimated expenses will be charged to profit and loss.*

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8. FINANCIAL INFORMATION *(cont'd)*

Maximum Scenario

	Based on the assumption that MMIS has been incorporated as at 31 December 2018*	<---- Pre-listing Reorganisation MMI: Audited as at 31 December 2018	MMI: (I) Issuance of ICPS by MMI	MMI: (II) After (I) and full conversion of ICPS ---->	Pro forma I After acquisition of MMI	Pro forma II After Pro forma I and Proposed Excluded Issue	Pro forma III After Pro forma II and utilisation of proceeds
	RM	RM	RM	RM	RM	RM	RM
Assets							
Property, plant and equipment	-	8,769,693	8,769,693	8,769,693	8,769,693	8,769,693	10,769,693(iv)
Investment property	-	1,106,423	1,106,423	1,106,423	1,106,423	1,106,423	1,106,423
Deferred tax assets	-	-	28,617	-	-	-	-
Total non-current assets	**-**	**9,876,116**	**9,904,733**	**9,876,116**	**9,876,116**	**9,876,116**	**11,876,116**
Inventories	-	728,260	728,260	728,260	728,260	728,260	728,260
Trade receivables	-	3,457,259	3,457,259	3,457,259	3,457,259	3,457,259	3,457,259
Other receivables, deposits and prepayments	-	456,995	456,995	456,995	456,995	456,995	456,995
Fixed deposits with licensed banks	-	32,456	32,456	32,456	32,456	32,456	32,456
Cash and cash equivalents	2	4,074,945	5,074,945	5,074,945	5,074,947	10,074,947(iii)	7,074,947(iv)
Total current assets	**2**	**8,749,915**	**9,749,915**	**9,749,915**	**9,749,917**	**14,749,917**	**11,749,917**
Total assets	**2**	**18,626,031**	**19,654,648**	**19,626,031**	**19,626,033**	**24,626,033**	**23,626,033**
Equity							
Share capital	**2**	150,000	150,000	1,150,000	10,000,002	15,000,002(iii)	15,000,002
Merger deficit	-	-	-	-	(8,850,000)	(8,850,000)	(8,850,000)
ICPS	-	-	909,378	-	-	-	-
Retained earnings	-	9,139,634	9,139,634	9,139,634	9,139,634	9,139,634	8,139,634(iv)
Total equity	**2**	**9,289,634**	**10,199,012**	**10,289,634**	**10,289,636**	**15,289,636**	**14,289,636**
Liabilities							
Finance lease liabilities	-	2,925,289	2,925,289	2,925,289	2,925,289	2,925,289	2,925,289
Loans and borrowings	-	1,964,942	1,964,942	1,964,942	1,964,942	1,964,942	1,964,942
Deferred income	-	255,000	255,000	255,000	255,000	255,000	255,000
Deferred tax liabilities	-	143,842	143,842	143,842	143,842	143,842	143,842
Total non-current liabilities	**-**	**5,289,073**	**5,289,073**	**5,289,073**	**5,289,073**	**5,289,073**	**5,289,073**
Trade payables	-	647,485	647,485	647,485	647,485	647,485	647,485
Other payables and accruals	-	106,756	106,756	106,756	106,756	106,756	106,756
Finance lease liabilities	-	784,664	784,664	784,664	784,664	784,664	784,664
Dividend payable	-	150,000	150,000	150,000	150,000	150,000	150,000
Loans and borrowings	-	1,834,640	1,834,640	1,834,640	1,834,640	1,834,640	1,834,640
ICPS	-	-	119,239	-	-	-	-
Current tax liabilities	-	523,779	523,779	523,779	523,779	523,779	523,779
Total current liabilities	**-**	**4,047,324**	**4,166,563**	**4,047,324**	**4,047,324**	**4,047,324**	**4,047,324**
Total liabilities	**-**	**9,336,397**	**9,455,636**	**9,336,397**	**9,336,397**	**9,336,397**	**9,336,397**
Total equity and liabilities	**2**	**18,626,031**	**19,654,648**	**19,626,031**	**19,626,033**	**24,626,033**	**23,626,033**
No. of Shares	100	150,000	150,000	166,600	450,000,000	500,000,000	500,000,000
NA	2	9,289,634	10,199,012	10,289,634	10,289,636	15,289,636	14,289,636
NA per Share (RM) (i)	0.02	61.93	67.99	61.76	0.02	0.03	0.03
Total interest bearing borrowings	-	7,509,535	7,509,535	7,509,535	7,509,535	7,509,535	7,509,535
Gearing ratio (times) (ii)	-	0.81	0.74	0.73	0.73	0.49	0.53

8. FINANCIAL INFORMATION *(cont'd)*

Notes:

* *Based on unaudited financial statements for period from 22 February 2019 to 31 May 2019.*

(i) Computed based on our NA over number of Shares.

(ii) Gearing is computed based on total borrowings over total equity.

(iii) Being proceeds of RM5.0 million raised from the Proposed Excluded Issue.

(iv) The proceeds are intended to be utilised in the following manner:
- *capital expenditure of RM2.0 million;*
- *working capital of RM2.0 million; and*
- *estimated expenses of RM1.0 million. The estimated expenses will be charged to profit and loss.*

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8. FINANCIAL INFORMATION *(cont'd)*

8.3 Audited statements of cash flows

The following table, which has been extracted from our audited financial statements as set out in the Appendix of this Information Memorandum, sets out the audited statements of cash flows for the FYE 30 June 2017, FYE 30 June 2018 and 6-month FPE 31 December 2018 and should be read in conjunction with the 'Management Discussion and Analysis' in Section 9 of this Information Memorandum.

	<-------------- Audited	------------->	Unaudited	Audited
	<---------------- FYE	--------------->	<------------ 6-month FPE	----------->
	30 June 2017	**30 June 2018**	**31 December 2017**	**31 December 2018**
	RM	**RM**	**RM**	**RM**
Cash flows from operating activities				
Profit before tax	1,714,872	5,269,674	2,479,443	3,619,271
Adjustments for:				
Allowance for doubtful debts	28,385	32,046	-	-
Amortisation of government grant	-	(30,000)	-	(15,000)
Bad debts written off	1,428	36,167	-	-
Depreciation of investment property	-	13,741	-	6,581
Depreciation of property, plant and equipment	420,953	655,095	329,529	370,652
Gain on disposal of property, plant and equipment	(4,812)	(20,550)	-	(129,656)
Finance costs	213,398	304,533	107,875	179,651
Interest income	(14,043)	(14,192)	(9,752)	(7,959)
Property, plant and equipment written off	44,832	-	-	-
Operating profit before changes in working capital	2,405,013	6,246,514	2,907,095	4,023,540
Changes in working capital:				
Inventories	(205,226)	39,876	-	(369,702)
Trade receivables	(941,165)	(1,104,363)	(698,069)	695,785
Other receivables, deposits and prepayments	44,524	(178,185)	(21,241)	(94,309)
Fixed deposits with a licensed bank	(14,043)	(14,192)	(9,752)	464,908
Trade payables	163,629	(241,503)	121,481	(248,151)
Other payables and accruals	(22,736)	320,426	217,570	(522,575)
Cash generated from operations	1,429,996	5,068,573	2,517,084	3,949,496
Tax paid	(549,815)	(625,000)	(216,251)	(963,250)
Interest received	14,043	14,192	9,752	7,959
Net cash from operating activities	894,224	4,457,765	2,310,585	2,994,205
Cash flows from investing activities				
Acquisition of property, plant and equipment	(600,808)	(374,878)	(418,418)	(404,786)
Acquisition of investment property	-	(246,745)	-	-
Proceeds from disposal of property, plant and equipment	130,079	237,000	-	487,150
Net cash (used in)/from investing activities	(470,729)	(384,623)	(418,418)	82,364

8. FINANCIAL INFORMATION *(cont'd)*

Cash flows from financing activities				
Interest paid	(213,398)	(304,533)	(107,875)	(179,651)
Dividend paid to owners of the Company	(79,500)	(150,000)	-	(1,050,000)
Repayment to a related party	(3,044)	(2,892)	-	(115,255)
Repayment of finance lease liabilities	(408,675)	(504,641)	(154,576)	(497,635)
Repayment of term loans	(103,309)	(136,532)	(150,811)	(189,541)
Government grant received	-	300,000	-	-
Net cash used in financing activities	(807,926)	(798,598)	(413,262)	(2,032,082)
Net (decrease)/increase in cash and cash equivalents	(384,431)	3,274,544	1,478,905	1,044,487
Cash and cash equivalents at the beginning of the financial years/period	140,345	(244,086)	(244,086)	3,030,458
Cash and cash equivalents at the end of the financial years/period	(244,086)	3,030,458	1,234,819	4,074,945

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9. MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis of MMI's financial condition and results of operations should be read in conjunction with MMI's Accountants' Report on the Financial Statements for FYE 30 June 2017, FYE 30 June 2018 and 6-month FPE 31 December 2018 as set out in the Appendix of this Information Memorandum.

The following discussion and analysis contain certain forward-looking statements that involve risks and uncertainties some of which may be beyond our control. The actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below or elsewhere in this Information Memorandum, particularly in the section entitled 'Risk Factors' as set out in Section 6 of this Information Memorandum.

9.1 Overview

MMI is principally involved in the manufacturing, marketing and sale of precision engineering parts. MMI operates pre-dominantly in the semiconductor industry. MMI's products are primarily purchased by manufacturers of semiconductor manufacturing equipment as well as manufacturers of automated testing equipment for the semiconductor industry.

Please refer to Section 4 of this Information Memorandum for further details of our business activities.

9.2 Revenue

The following table set out the breakdown of MMI's revenue by business segment (based on the industries its customers are operating in) for FYE 30 June 2017 and FYE 30 June 2018 as well as 6-month FPE 31 December 2017 and 6-month 31 December 2018.

Business segment	Audited				Unaudited		Audited	
	FYE 30 June 2017		FYE 30 June 2018		6-month FPE 31 December 2017		6-month FPE 31 December 2018	
	RM	%	RM	%	RM	%	RM	%
Semiconductor	9,186,938	98.29	16,898,465	99.31	7,819,217	99.28	7,712,887	98.62
Engineering	142,250	1.52	103,890	0.61	43,475	0.55	5,779	0.07
Consumer electronics, medical and others	17,817	0.19	13,600	0.08	13,600	0.17	102,330	1.31
Total	**9,347,005**	**100.00**	**17,015,955**	**100.00**	**7,876,292**	**100.00**	**7,820,996**	**100.00**

(i) Comparison between FYE 30 June 2017 and FYE 30 June 2018

MMI's revenue increased by RM7.67 million or 82.05% in FYE 30 June 2018 as compared to the preceding year. The increase in revenue in FYE 30 June 2018 was because MMI was able to undertake higher level of orders with increased complexities+, particularly from its semiconductor customers (mainly from Towam Sdn Bhd and ViTrox Technologies Sdn Bhd) which increased by 84.94% or RM7.71 million.

9. MANAGEMENT DISCUSSION AND ANALYSIS *(cont'd)*

MMI relocated its operations to its current production facility in Kawasan Perindustrian Batu Gajah Perdana in Pusing, Perak in December 2016 which has a floor space of 32,400 sqft compared to our previous production facility in Kawasan Perindustrian Menglembu, Menglembu, Ipoh which had a production facility floor space of approximately 13,000 sqft. MMI also acquired 6 additional machines for its manufacturing and provision of precision engineering services over the FYE 30 June 2017 and FYE 30 June 2018. Further, as mentioned in Section 3.1 of this Information Memorandum, this allowed MMI to operate 4 production lines (with additional machines).

Thus, the full impact of the increase in production space and capacity coupled with better quality control in the production lines was reflected in the higher revenue for the FYE 30 June 2018.

Note:

\+ *Increased complexities would entail more steps in MMI's manufacturing process, higher precision (for example, parts with the precision of up to 0.005 micron or 0.01 micron compared to 0.02 micron) which require longer manufacturing time and effort on MMI's part.*

(ii) Comparison between 6-month FPE 31 December 2017 and 6-month FPE 31 December 2018

MMI's revenue decreased slightly by RM0.06 million or 0.70% in 6-month FPE 31 December 2018 as compared to the preceding period mainly due to lower orders from its semiconductor customers.

9.3 Cost of sales

MMI's cost of sales mainly composed of purchases of raw materials, labour cost, depreciation and upkeep of plant and machinery as well as electricity. The purchases of raw materials were primarily purchases of aluminium and steel.

The following table sets out the breakdown of MMI's cost of sales by business segment for FYE 30 June 2017 and FYE 30 June 2018 as well as 6-month FPE 31 December 2017 and 6-month FPE 31 December 2018.

(a) Cost of sales by business segment

Business segment	Audited				Unaudited		Audited	
	FYE 30 June 2017		FYE 30 June 2018		6-month FPE 31 December 2017		6-month FPE 31 December 2018	
	RM	%	RM	%	RM	%	RM	%
Semiconductor	5,953,590	97.97	8,280,271	99.02	4,032,990	98.95	3,440,930	98.01
Engineering	113,728	1.87	69,771	0.83	30,443	0.75	3,824	0.11
Consumer electronics, medical and others	9,572	0.16	12,322	0.15	12,322	0.30	66,172	1.88
Total	**6,076,890**	**100.00**	**8,362,364**	**100.00**	**4,075,755**	**100.00**	**3,510,926**	**100.00**

The following table sets out the breakdown of MMI's cost of sales by category for FYE 30 June 2017 and FYE 30 June 2018 as well as 6-month FPE 31 December 2017 and 6-month 31 December 2018.

9. MANAGEMENT DISCUSSION AND ANALYSIS *(cont'd)*

(b) Cost of sales by category

Category	Audited				Unaudited		Audited	
	FYE 30 June 2017		FYE 30 June 2018		6-month FPE 31 December 2017		6-month FPE 31 December 2018	
	RM	%	RM	%	RM	%	RM	%
Raw material^	3,677,210	60.51	5,248,845	62.77	2,564,971	62.93	1,840,364	52.42
Labour	1,836,063	30.22	2,305,698	27.57	1,114,745	27.35	1,231,545	35.08
Production overhead*	563,617	9.27	807,821	9.66	396,039	9.72	439,017	12.50
Total	**6,076,890**	**100.00**	**8,362,364**	**100.00**	**4,075,755**	**100.00**	**3,510,926**	**100.00**

Notes:

^ *Includes outsourcing costs. The precision engineering parts that MMI manufactures for the semiconductor industry are large machining parts such as worktables, bases and frames. Thus, MMI outsources the manufacturing of small size precision engineering parts to suppliers/vendors, and in instances where it does not have sufficient capacity internally to meet the delivery timelines of its customers.*

* *Comprising mainly depreciation and upkeep of plant machinery as well as electricity.*

(i) Comparison between FYE 30 June 2017 and FYE 30 June 2018

MMI's cost of sales increased by RM2.29 million or 37.61% in FYE 30 June 2018 as compared to the preceding year, mainly attributable to the semiconductor segment. The increase in cost of sales for the semiconductor segment was in tandem with the increase in revenue for the semiconductor segment. Nevertheless, the said increase in cost of sales was lower compared to the increase in revenue due to a higher level of materials provided by customers[#] and economies of scale arising from increased production volume.

Note:

For such services by MMI, the main materials are provided by the customers (so MMI does not have to purchase such materials) and MMI earns revenue by providing processing and enhancement services.

(ii) Comparison between the 6-month FPE 31 December 2017 and 6-month FPE 31 December 2018

MMI's cost of sales decreased by RM0.56 million or 13.86% in 6-month FPE 31 December 2018 as compared to the preceding period. The decrease in cost of sales in 6-month FPE 31 December 2018 was mainly due to lower outsourcing cost for outsourced work to suppliers/ vendors.

For the 6-month FPE 31 December 2018, MMI was able to work more on these processes in-house at a lower cost, resulting in a reduced need for outsourcing these processes. For the works that were outsourced, the outsourced cost per unit was also lower for the 6-month FPE 31 December 2018, compared to the preceding period.

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9. MANAGEMENT DISCUSSION AND ANALYSIS *(cont'd)*

9.4 GP and GP Margin

The following table sets out the breakdown of MMI's GP and GP margin by business segment for FYE 30 June 2017 and FYE 30 June 2018 as well as 6-month FPE 31 December 2017 and 6-month FPE 31 December 2018.

GP by business segment	Audited				Unaudited		Audited	
	FYE 30 June 2017		FYE 30 June 2018		6-month FPE 31 December 2017		6-month FPE 31 December 2018	
	RM	%	RM	%	RM	%	RM	%
Semiconductor	3,233,348	98.88	8,618,194	99.60	3,786,227	99.63	4,271,957	99.12
Engineering	28,522	0.87	34,119	0.39	13,032	0.34	1,955	0.04
Consumer electronics, medical and others	8,245	0.25	1,278	0.01	1,278	0.03	36,158	0.84
GP	**3,270,115**	**100.00**	**8,653,591**	**100.00**	**3,800,537**	**100.00**	**4,310,070**	**100.00**

GP margin by business segment	Audited		Unaudited	Audited
	FYE 30 June 2017	FYE 30 June 2018	6-month FPE 31 December 2017	6-month FPE 31 December 2018
	%	%	%	%
Semiconductor	35.20	51.00	48.42	55.39
Engineering	20.05	32.84	29.28	33.83
Consumer electronics, medical and others	46.28	9.40	9.40	35.33
Overall GP margin	**34.99**	**50.86**	**48.25**	**55.11**

(i) Comparison between FYE 30 June 2017 and FYE 30 June 2018

MMI's GP increased significantly by RM5.38 million or 164.63% in FYE 30 June 2018 as compared to the preceding year, while the overall GP margin in FYE 30 June 2018 increased to 50.86% from the preceding year of 34.99%. The increase in the GP and overall GP margin was mainly due to MMI undertaking orders/ models with increased complexities. The higher production levels also contributed to increased efficiency in the production process due to economies of scale.

(ii) Comparison between 6-month FPE 31 December 2017 and 6-month FPE 31 December 2018

Despite the slight decrease in revenue, MMI's GP increased by RM0.51 million or 13.41% and the overall GP margin for 6-month FPE 31 December 2018 increased to 55.11% from the preceding period of 48.25%. The increase in the GP and overall GP margin was mainly due to higher sales of products with increased complexities and reduced cost of sales arising from lower outsourcing cost.

9. MANAGEMENT DISCUSSION AND ANALYSIS *(cont'd)*

9.5 Other operating income

(i) Comparison between FYE 30 June 2017 and FYE 30 June 2018

MMI's other operating income increased by RM0.06 million or 76.06% in FYE 30 June 2018 as compared to the preceding year, mainly due to rental income of RM0.01 million, letter of credit charges claimed for the acquisition of machines of RM0.02 million and amortisation of government grant of RM0.03 million. There were no such incomes in the preceding year.

(ii) Comparison between 6-month FPE 31 December 2017 and 6-month FPE 31 December 2018

MMI's other operating income increased by RM0.15 million or 443.66% in 6-month FPE 31 December 2018 as compared to the preceding period, mainly due to gain from disposal of a motor vehicle of RM0.13 million. There was no such income in the preceding period.

9.6 Administrative and other operating expenses

The following table sets out the breakdown of MMI's administrative and other operating expenses for FYE 30 June 2017 and FYE 30 June 2018 as well as 6-month FPE 31 December 2017 and 6-month 31 December 2018.

	Audited				Unaudited		Audited	
	FYE 30 June 2017		FYE 30 June 2018		6-month FPE 31 December 2017		6-month FPE 31 December 2018	
	RM	%	RM	%	RM	%	RM	%
Directors remuneration and staff salaries	519,045	40.50	2,240,871	74.04	898,938	75.31	281,273	43.49
Depreciation	282,585	22.05	330,554	10.92	156,802	13.14	184,644	28.55
Professional fees	43,535	3.40	169,669	5.61	76,620	6.42	71,029	10.98
Bad Debt written off	29,813	2.32	68,213	2.25	-	-	-	-
Fixed assets written off	44,832	3.50	-	-	-	-	-	-
Loss of disposal of property, plant and equipment	18,077	1.41	-	-	-	-	-	-
Others	343,707	26.82	217,287	7.18	61,268	5.13	109,784	16.98
Total	**1,281,594**	**100.00**	**3,026,594**	**100.00**	**1,193,628**	**100.00**	**646,730**	**100.00**

9. MANAGEMENT DISCUSSION AND ANALYSIS *(cont'd)*

(i) Comparison between FYE 30 June 2017 and FYE 30 June 2018

MMI's administrative expenses and other operating expenses increased by RM1.75 million or 136.16% in FYE 30 June 2018 as compared to the preceding year. This is mainly due to increase in directors' remuneration and staff salaries by RM 1.72 million or 331.73% as a result of annual increments and bonuses awarded in-line with the improved sales performance of MMI. The increase in professional fees by RM0.13 million or 289.73% was mainly attributable to fees paid to a consultant of RM0.08 million for the application of the government grant and legal fees of RM0.03 million and processing fee for foreign workers RM0.01 million. The decrease in others expenses of RM0.13 million or 36.78% was mainly due to rental paid of RM0.06 million for the previous processing facility at Kawasan Perindustrian Menglembu and transport changes of RM0.07 million for the relocation.

(ii) Comparison between 6-month FPE 31 December 2017 and 6-month FPE 31 December 2018

MMI's administrative expense and other operating expenses decreased by RM0.55 million or 45.82% in 6-month FPE 31 December 2018 as compared to the preceding period. The decrease in administrative expenses and other operating expenses in 6-month FPE 31 December 2018 was mainly due to decrease in the directors' remuneration and staff salaries by RM0.62 million or 68.71% due to decrease in bonuses awarded and absence of directors' fee as compared to the preceding period due to a slight decrease in sales and MMI wanted to conserve its cash as it intends to construct a new production facility on the land beside its current production facility.

9.7 Selling and distribution expenses

MMI's selling and distribution expenses comprised advertising fees, entertainment, travelling expenses as well as marketing and transport charges incurred for visits and delivery of goods to customers and suppliers/vendors (for outsourced services). The variances for the financial years and financial periods were mainly attributable to fluctuations in travelling expenses and transport charges.

9.8 Finance cost

The breakdown of MMI's finance cost is as follows:

	Audited				Unaudited		Audited	
	FYE 30 June 2017		FYE 30 June 2018		6-month FPE 31 December 2017		6-month FPE 31 December 2018	
	RM	%	RM	%	RM	%	RM	%
Interest expenses on:								
- Bank overdraft interest	18,766	8.79	14,802	4.86	14,769	13.69	121	0.07
- Loan interest	145,043	67.97	157,590	51.75	73,488	68.12	84,607	47.09
- Hire purchase interest	49,589	23.24	132,141	43.39	19,618	18.19	94,923	52.84
Total	**213,398**	**100.00**	**304,533**	**100.00**	**107,875**	**100.00**	**179,651**	**100.00**

9. MANAGEMENT DISCUSSION AND ANALYSIS *(cont'd)*

(i) Comparison between the FYE 30 June 2017 and the FYE 30 June 2018

MMI's finance cost increased by RM0.09 million or 42.71% in FYE 30 June 2018 as compared to the preceding year. The increase in finance cost in FYE 30 June 2018 was mainly due to increase in hire purchase interest expenses for the purchase of 6 additional machines (as mentioned in Section 9.2 of this Information Memorandum) and 2 new motor vehicles, as well as loan interest expenses for the new land which is located opposite (PT 14478) and its current production facility (PT 14495).

(ii) Comparison between 6-month FPE 31 December 2017 and 6-month FPE 31 December 2018

MMI's finance cost increased by RM0.07 million or 66.54% in 6-month FPE 31 December 2018 as compared to the preceding period. The increase in finance cost in 6-month FPE 31 December 2018 was mainly due to increase in hire purchase interest expenses for the purchase of 2 additional machines (as mentioned in Section 3.1 of this Information Memorandum) and 3 new motor vehicles in the said financial period and loan interest for the new land which is located opposite (PT 14478) and its current production facility (PT 14495).

9.9 PAT and PAT margin

The following table sets out MMI's PAT and PAT margin for FYE 30 June 2017 and FYE 30 June 2018 as well as 6-month FPE 31 December 2017 and 6-month FPE 31 December 2018.

	Audited		**Unaudited**	**Audited**
	FYE 30 June 2017	**FYE 30 June 2018**	**6-month FPE 31 December 2017**	**6-month FPE 31 December 2018**
	RM	**RM**	**RM**	**RM**
PAT	1,300,913	4,114,417	1,908,652	2,630,783
PAT margin (%)	13.92	24.18	24.23	33.64

(i) Comparison between FYE 30 June 2017 and FYE 30 June 2018

In line with increase in revenue and due to the reasons set out above, MMI's PAT increased by RM2.81 million or 216.27% in FYE 30 June 2018 as compared to the preceding year. Accordingly, MMI's PAT margin increased to 24.18% in FYE 30 June 2018 from 13.92% in the preceding year.

(ii) Comparison between 6-month FPE 31 December 2017 and 6-month FPE 31 December 2018

MMI's PAT increased by RM0.72 million or 37.83% in 6-month FPE 31 December 2018 as compared to the preceding period. The increase in PAT in 6-month FPE 31 December 2018 was in line with the higher GP and the reasons stated above. Accordingly, MMI's PAT margin increased to 33.64% in 6-month FPE 31 December 2018 from 24.18% in the preceding period.

9. MANAGEMENT DISCUSSION AND ANALYSIS *(cont'd)*

9.10 Key financial ratios

		Audited		Unaudited	Audited
		FYE 30 June 2017	**FYE 30 June 2018**	**6-month FPE 31 December 2017**	**6-month FPE 31 December 2018**
Trade receivables turnover period [(1)]	(days)	122	89	89	81
Trade payables turnover period [(2)]	(days)	68	39	57	34
Inventories turnover period [(3)]	(days)	24	16	18	38
Current ratio [(4)]	(times)	1.67	2.20	2.03	2.16
Gearing ratio [(5)]	(times)	1.39	0.72	0.88	0.81

Notes:

(1) Computed based on trade receivables closing balance over MMI's revenue for the respective financial year/period, multiplied by number of days in the financial year/period.

(2) Computed based on trade payables closing balance over the MMI's cost of sales for the respective financial year/period, multiplied by number of days in the financial year/period.

(3) Computed based on inventories closing balance over the MMI's cost of sales for the respective financial year/period, multiplied by number of days in the financial year/period.

(4) Computed based on current assets over current liabilities as at the respective financial year/period-end.

(5) Computed based on the total borrowings (comprising borrowings and finance lease liabilities) over total equity as at the respective financial year/period-end.

(i) Trade receivables turnover period

MMI's trade receivables turnover period stood at 122 days and 89 days for the FYEs 30 June 2017 and 30 June 2018, respectively and continued to decrease from 89 days for the 6-month FPE 31 December 2017 to 81 days for the 6-month FPE 31 December 2018. We attribute the decreased trade receivables turnover periods to our continued efforts made to improve our trade receivables collection.

Save for the FYE 30 June 2017, the trade receivables turnover period fell within the normal credit periods granted by MMI to its customers, which ranged from 30 to 90 days. MMI's credit terms to its customers are assessed on a customer-by-customer basis. Only certain/selective customers with whom MMI has established business relationships and good collection records are granted a longer credit period, in line with MMI's strategy to achieve a healthy level of operating cash flows position.

(ii) Trade payables turnover period

The normal credit terms granted to MMI by its suppliers ranged from 1 day to 90 days. MMI's trade payables turnover had been decreasing from 68 days for the FYE 30 June 2017 to 39 days for the FYE 30 June 2018 and from 57 days for the 6-month FPE 31 December 2017 to 34 days for the 6-month FPE 31 December 2018. We attribute the decreased trade payables turnover period to, among others, our continued profitability, improvements in the trade receivables turnover periods as set out above (which in turn, allowed us to make prompt payments) and our continued efforts made to pay our suppliers promptly.

9. MANAGEMENT DISCUSSION AND ANALYSIS *(cont'd)*

(iii) Inventories turnover period

MMI's inventories turnover period decreased from 24 days for the FYE 30 June 2017 to 16 days for FYE 30 June 2018 mainly due to our increased production level in the FYE 30 June 2018 arising from increased production capacity and efficiency. The inventories turnover period increased from 18 days for the 6-month FPE 31 December 2017 to 38 days in the 6-month FPE 31 December 2018 was mainly due to higher levels of semi-finished and finished goods held as at 31 December 2018 arising from timing of delivery to customer as there were deliveries due in January 2019.

MMI had not experienced any write-off due to stock obsolescence during the financial years/period under review. Our Board is of the opinion that there were no slow-moving or obsolete inventories as at 30 June 2018 and as at 31 December 2018 as MMI's level of inventories held are primarily based on the order requests from MMI's customers.

(iv) Current ratio

MMI recorded current ratios of 1.67 times and 2.20 times as at 30 June 2017 and 30 June 2018, respectively and its current ratio continued to increase from 2.03 times as at 31 December 2017 to 2.16 times as at 31 December 2018. The increased current ratios were mainly attributable to improved profitability resulting in increased in cash and equivalents. Our Board will endeavour to maintain the current ratio of the Company at a healthy level while carrying our expansion plans as set out in Section 4.12 of this Information Memorandum.

(v) Gearing ratio

MMI's recorded gearing ratios of 1.39 times and 0.72 as at 30 June 2017 and 30 June 2018, respectively and its gearing ratio continued to decrease from 0.88 times as at 31 December 2017 to 0.81 times as at 31 December 2018. The decrease in gearing ratio is mainly attributable to the continued and higher profits resulting in increased total equity notwithstanding total borrowings had also increased. Nevertheless, MMI's gearing ratio had increased to 0.81 times as at 31 December 2018 compared to 0.72 times as at 30 June 2018. This mainly due to the increase in total borrowing consisting of term loans and finance lease liabilities for purchase of land (PT 14494), motor vehicles and machines. The Board will, from time to time, review the Group's gearing ratio and make adjustment to the Group's capital structure, where appropriate.

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9. MANAGEMENT DISCUSSION AND ANALYSIS *(cont'd)*

9.11 Cash flows

The following table sets out of MMI's cash flow position for FYE 30 June 2017 and FYE 30 June 2018 as well as 6-month FPE 31 December 2017 and 6-month FPE 31 December 2018.

	Audited		Unaudited	Audited
	FYE 30 June 2017	FYE 30 June 2018	6-month FPE 31 December 2017	6-month FPE 31 December 2018
	RM	RM	RM	RM
Net cash from operating activities	894,224	4,457,765	2,310,585	2,994,205
Net cash (used in) / from investing activities	(470,729)	(384,623)	(418,418)	82,364
Net cash used in financing activities	(807,926)	(798,598)	(413,262)	(2,032,082)
Net (decrease) / increase in cash and cash equivalents	(384,431)	3,274,544	1,478,905	1,044,487
Cash and cash equivalents at the beginning of years/ period	140,345	(244,086)	(244,086)	3,030,458
Cash and cash equivalents at the end of the financial years/ period	**(244,086)**	**3,030,458**	**1,234,819**	**4,074,945**

(i) Net cash from operating activities

In FYE 30 June 2017, MMI generated RM2.41 million net cash from operating activities before changes in working capital. After adjusting the following key items, MMI's net cash from operating activities was RM 0.89 million:

(i) RM0.20 million increase in inventories;
(ii) RM0.90 million increase in trade and other receivables;
(iii) RM0.14 million increase in trade and other payable; and
(iv) RM0.55 million in payment of tax.

In FYE 30 June 2018, MMI generated RM6.25 million net cash from operating activities before changes in working capital. After adjusting the following key items, MMI's net cash from operating activities was RM 4.46 million:

(i) RM 0.04 million decrease in inventories;
(ii) RM1.28 million increase in trade and other receivables;
(iii) RM0.08 million decrease in trade and other payable; and
(iv) RM0.63 million in payment of tax.

In 6-month FPE 31 December 2017, MMI generated RM 2.91 million net cash from operating activities before changes in working capital. After adjusting the following key items, MMI's net cash from operating activities was RM 2.31million:

(i) RM0.72 million increase in trade and other receivables;
(ii) RM0.34 million decrease in trade and other payable; and
(iii) RM0.22 million in payment of tax.

In 6-month FPE 31 December 2018, MMI generated RM 4.02 million net cash from operating activities before changes in working capital. After adjusting the following key items, MMI's net cash from operating activities was RM 2.99 million:

(i) RM0.37 million increase in inventories;
(ii) RM0.60 million decrease in trade and other receivables;
(iii) RM0.77 million decrease in trade and other payable; and
(iv) RM0.96 million in payment of tax.

9. MANAGEMENT DISCUSSION AND ANALYSIS *(cont'd)*

(ii) Net cash from/(used in) investing activities

In FYE 30 June 2017, MMI recorded net cash used in investment activities of RM0.47 million mainly due to the acquisition of property, plant and equipment amounted RM0.60 million for the setting up cost for the production facility in Kawasan Perindustrian Batu Gajah, Perak.

In FYE 30 June 2018, MMI recorded net cash used in investment activities of approximately RM0.38 million mainly due to the purchases of property, plant and equipment amounted RM0.37 million and investment property amounted RM0.25 million for acquisition of the new land as well as proceeds received from the disposal of property, plant and equipment of RM0.24 million.

In 6-month FPE 31 December 2017, MMI recorded net cash used in investment activities of approximately RM0.42 million for the acquisition of property, plant and equipment.

In 6-month FPE 31 December 2018, MMI recorded net cash from in investment activities of approximately RM0.08 million mainly due to acquisition of property, plant and equipment of RM0.40 million and proceeds form disposal of property, plant and equipment amounted of RM 0.49 million.

(iii) Net cash used in financing activities

In FYE 30 June 2017, MMI's net cash used in financing activities of RM0.81 million mainly due to the repayment of term loan and financial lease liabilities amounted RM0.10 million and RM 0.41 million, respectively as well as dividend paid of RM0.08 million.

In FYE 30 June 2018, MMI's net cash used in financing activities of RM0.80 million mainly due to the repayment of term loan and financial lease liabilities amounted RM0.14 million and RM0.50 million, respectively as well as dividend paid of RM0.15 million. During FYE 30 June 2018, MMI received a government grant amounted RM0.30 million.

In 6-month FPE 31 December 2017, MMI's net cash used in financing activities of RM0.41 million mainly due to the repayment of term loan and financial lease liabilities amounted RM0.15 million and RM0.15 million respectively.

In 6-month FPE 31 December 2018, MMI's net cash used in financing activities of RM2.03 million mainly due to dividend paid amounted RM1.05 million, repayment to a related party (i.e., Multi Mould Supply) of RM0.12 million as well as the repayment of term loan and financial lease liabilities amounted RM0.19 million and RM0.50 million, respectively.

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9.12 Significant factors affecting our financial position and results of operations

Our financial condition and results of operations have been and will continue to be affected by, amongst others, the following factors which may not be within our control:

(i) Demand of service

The range of applications for E&E has broadened dramatically over the last couple of decades, and E&E products developed today play essential roles in consumer retail, medical, manufacturing, and telecommunications industries. Many of these industries cannot function without the use of E&E products. For instance, the medical industry requires the use of electronic medical equipment to perform diagnosis, monitoring and treatment of patients. The manufacturing industry today also largely consists of fully or semi-automated manufacturing facilities, and thus electronic machinery and equipment form an integral component of manufacturing activities. According to the Japan Electronics and Information Technology Industries Association ("**JEITA**"), the global market for electronic products, based on worldwide production of electronic products, increased from USD18.5 trillion in 2016 to an estimated USD20.9 trillion in 2018, registering a CAGR of 6.1%.

Mobile and wireless devices, which comprise mobile feature phones, smartphones and tablets, have become a necessity as a means of communication and connectivity, particularly in urban areas. The penetration of mobile phones reached 107.0% of the global population in 2018. While mobile cellular subscriptions illustrated a healthy growth of 27.1% in a span of eight years between 2010 and 2018, active mobile broadband (which enables the use of smartphones and tablets) grew ten times faster with a growth of 277.0% during the same time period, from 816 million subscriptions in 2010 to an estimated 4.6 billion subscriptions in 2018 and thus, much of the growth of the consumer electronics industry is expected to be driven by the rapidly increasing uptake of smartphones and tablets.

Computers have become one of the most used technological items today. In fact, computers enable IT which is the application of computers and other equipment to store, retrieve, transmit and manage digital data. Information technology (IT) is increasingly integrated with consumer lifestyles and business operations. In other words, consumers and businesses have become increasingly dependent on computers for connectivity as well as to perform daily tasks such as accessing information and preparing business documents.

Growth in the demand for electronics creates corresponding demand for precision engineered parts, which are key components in semiconductor and electronic packaging and testing equipment and machinery.

(Source: The IMR Report)

MMI's strong performance for the FYE 30 June 2017 and FYE 30 June 2018 were attributable to its semiconductor business segment and reflective of the above and MMI's revenue, GP and GP margin rose significantly compared to the FYE 30 June 2017.

Taking into consideration our historical performance and the outlook of the semiconductor industry, our Group expects its customers to continue to post strong revenue in-line with the global robust growth in semiconductors and the growth in artificial intelligence and internet of things to spur the global market demand.

9. MANAGEMENT DISCUSSION AND ANALYSIS *(cont'd)*

(ii) Competition

In-line with global growth in its semiconductor business segment, our Group expects to maintain its customer-base, expand its current production facility and revenue levels for its coming FYE 30 June 2019. Please refer to Section 4.12 of this Information Memorandum for our future plans. We believe that we are among the precision machining works manufacturers in Malaysia that specialise in table-top and welding machine structure.

(iii) Manpower availability

Our services are largely dependent on the availability of skilled labour in our manufacturing operations to carry out the execution of our customers' orders. Any shortage of skilled welders and machinist may interrupt the execution of our customers' orders which ultimately translates to lower revenue as a result of lower billable deliverables. For the financial years and period under review, we have not encountered insufficient skilled labour, nor have we experienced any difficulties in the recruitment and retention of experienced staff. Furthermore, it is our long-term policy to train, develop and equip our employees with all the necessary skills and knowledge through continuous training and development.

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10. OTHER INFORMATION

10.1 Material contracts

Save as disclosed below, there are no other 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 Company and/or our subsidiary within the 2 years immediately preceding the date of this Information Memorandum:

(i) Share sale agreement dated 21 May 2019 entered into between MMIS and the shareholders of MMI (i.e., the Promoters and Subscribers) to acquire the entire issued shares of MMI comprising 166,600 ordinary shares in MMI for RM10,000,000 paid by way of issuing and allotting 449,999,900 Shares of MMIS. The agreement was completed on 28 June 2019.

(ii) Subscription agreements dated 25 March 2019 entered into between MMI and each Subscriber for the Subscribers to subscribe for 1,000,000 ICPS, collectively in MMI amounting to RM1,000,000 that are convertible into 16,600 ordinary shares, collectively in MMI. The agreements have been completed as at the LPD.

(iii) Sale and purchase agreement dated 16 April 2018 entered into between MMI and Ang Siew Yan (a third party) for the sale of a property held under individual title No. P.N. 245299, No. Lot 305819, Mukim Sungai Terap, District of Kinta, State of Perak measuring approximately 4,252 sqm together with a piece of vacant land known as PT 14494, Persiaran Batu Gajah Perdana 4, Taman Perindustrian Batu Gajah Perdana, 31000 Batu Gajah, Perak Darul Ridzuan at a cash consideration of RM1,189,968.00. The agreement was completed on 1 August 2018.

(iv) Sale and purchase agreement dated 15 September 2017 entered into between MMI and Tiw Boon Teck (a third party) for the sale of a property held under individual title No. P.N. 245265, No. Lot 305803, Mukim Sungai Terap, District of Kinta, State of Perak measuring approximately 4,060 sqm together with a piece of vacant land known as PT 14478, Persiaran Batu Gajah Perdana 4, Taman Perindustrian Batu Gajah Perdana, 31000 Batu Gajah, Perak Darul Ridzuan at a cash consideration of RM1,100,000.00. The agreement was completed on 5 January 2018.

10.2 Material litigation and contingent liabilities

As at the LPD, we are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and our Board does not know of any proceeding pending or threatened or of any fact likely to give rise to any proceedings which might materially or adversely affect our position or business.

As at the LPD, there is no contingent liability which, upon becoming enforceable, may have a material impact on our financial position or business.

10.3 Related party transactions and balances

Under the Listing Requirements, a ‘related party transaction’ is a transaction entered between the listed corporation or its subsidiaries and a related party, other than a transaction of a revenue nature in the ordinary course of business. A ‘related party’ of a listed corporation is:

(i) A director having the same meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation or a chief executive of the listed corporation; or

(ii) A major shareholder, a person who has an interest of 10.0% or more of the total number of all voting shares in a corporation within the preceding 6 months of the date on which the terms of the transaction were agreed upon; or

(iii) A person connected with such director or major shareholder.

10. OTHER INFORMATION *(cont'd)*

10.3.1 Existing and proposed related party transactions and balances

Save as disclosed below, the Board confirms that there are no other existing and/or potential related party transactions entered or to be entered into and balances between the Group and the Directors, major shareholders and/or persons connected with them for the FYE 30 June 2017, FYE 30 June 2018, 6-month FPE 31 December 2018 and subsequent period up to the LPD.

Related party transactions

			<------ Audited	------	------>	
Transacting parties	**Nature of relationship**	**Nature of transaction**	**FYE 30 June 2017 RM'000**	**FYE 30 June 2018 RM'000**	**6-month FPE 31 December 2018 RM'000**	**Subsequent period up to LPD RM'000**
MMI and Multi Mould Supply	Loh Chin Soon, a substantial shareholder and Director of MMI is also a substantial shareholder and Director of Multi Mould Supply. Low Oo Seng, a substantial shareholder and Director of MMI is also a substantial shareholder and Director of Multi Mould Supply. Loh Chin Siang, a substantial shareholder and Director of MMI is also a substantial shareholder of Multi Mould Supply.	Non-trade. Being payment on behalf of Multi Mould Supply for legal fees, secretarial fees, audit fees and/or taxation fees [(i)].	3	3	4	-[(ii)]

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10. OTHER INFORMATION *(cont'd)*

Related party balances

			<---- Audited		---->	
Transacting parties	**Nature of Relationship**	**Nature of balance**	**As at 30 June 2017 RM'000**	**As at 30 June 2018 RM'000**	**As at 31 December 2018 RM'000**	**As at the LPD RM'000**
MMI and Multi Mould Supply	Loh Chin Soon, a substantial shareholder and Director of MMI is also a substantial shareholder and Director of Multi Mould Supply. Low Oo Seng, a substantial shareholder and Director of MMI is also a substantial shareholder and Director of Multi Mould Supply. Loh Chin Siang, a substantial shareholder and Director of MMI is also a substantial shareholder of Multi Mould Supply.	Trade. Being amount due to Multi Mould Supply for the supply of goods in the ordinary course of business by Multi Mould Supply to MMI (i).	118	115	-	-(ii)

Notes:

(i) *MMI became indebted to Multi Mould Supply for an amount of RM121,191 as Multi Mould Supply had supplied goods in the ordinary course of business to MMI ("**Debt**") in prior years until year 2002. On 5 December 2016, MMI entered into a debt settlement agreement with Multi Mould Supply wherein MMI agreed to pay on behalf of Multi Mould Supply all its relevant legal fees, secretarial fees, audit fees and/or taxation fees yearly and in a timely manner ("**Professional Fees**") up to and until the Debt is set off and/or settled in its entirety. Such payments on behalf were made for the financial years and period set out above. During the 6-month FPE 31 December 2018, MMI settled the balance RM115,255 to Multi Mould Supply.*

(ii) *There has been no related party transactions and balances between MMI and Multi Mould Supply up to and including the LPD.*

10. OTHER INFORMATION *(cont'd)*

The above transactions were carried out on arm's length basis. The Board, having considered all aspects of the related party transaction, is of the opinion that the related party transactions were not detrimental to the Group.

Upon the Proposed Listing, the Board will ensure that any related party transactions are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to third parties dealing at arm's length and are not detrimental to the minority shareholders. In the event there are any proposed related party transactions that require the prior approval of our shareholders, the Directors and/or major shareholders who have any interest, direct or indirect, in the proposed related party transaction will abstain and also undertake to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution pertaining to the proposed related party transaction at a general meeting.

10.4 Interests in similar businesses and in businesses of the customers and/or suppliers

As at the LPD, none of our Promoters, substantial shareholders, Directors and/or key management personnel has any interest, direct or indirect, in other businesses or corporations which are:

(a) carrying on a similar or related trade as our Group; or

(b) customers and/or suppliers of our Group.

Notwithstanding the above, in the event of a potential conflict of interest situation, such Promoters, substantial shareholders, Directors and/or persons connected to them are obliged, if required by law or regulations, to abstain from voting on the resolutions relating to such matters or transactions that require the approval of our shareholders in respect of their direct and indirect interests.

10.5 Other transactions

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party during the FYE 30 June 2017, FYE 30 June 2018, 6-month FPE 31 December 2018 and up to the LPD.

Save as disclosed in Section 10.3 of this Information Memorandum, there are no other outstanding loans, including guarantees of any kind made by our Group to or for the benefit of related parties during the FYE 30 June 2017, FYE 30 June 2018, 6-month FPE 31 December 2018 and up to the LPD.

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10. OTHER INFORMATION *(cont'd)*

10.6 Declaration by our advisers

10.6.1 SCA

SCA confirms that there is no existing or potential conflict of interest in relation to its capacity as the Approved Adviser, Custodian and Placement Agent for our Proposed Listing.

10.6.2 Peter Ling & van Geyzel

Peter Ling & van Geyzel confirms that there is no existing or potential conflict of interests in its capacity as the Legal Adviser for our Proposed Listing

10.6.3 KPMG PLT

KPMG PLT confirms that there is no existing or potential conflict of interest in relation to its capacity as the Auditors and Reporting Accountants for our Proposed Listing.

10.6.4 Providence

Providence confirms that there is no existing or potential conflict of interest in relation to its capacity as the Independent Market Researcher for our Proposed Listing.

10.6.5 Insight Advisory Services Sdn Bhd

Insight Advisory Services Sdn Bhd confirms that there is no existing or potential conflict of interest in relation to its capacity as the Independent Internal Control and Risk Management Consultants for our Proposed Listing.

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APPENDIX

ACCOUNTANTS' REPORT ON THE FINANCIAL STATEMENTS OF MMI FOR FYE 30 JUNE 2017, FYE 30 JUNE 2018 AND 6-MONTH FPE 31 DECEMBER 2018

MULTI MOULD INDUSTRIES SDN. BHD.

Company No.: 381942-V
(Incorporated in Malaysia)

Accountants' Report on the Financial Statements

MULTI MOULD INDUSTRIES SDN. BHD.

(Company No.: 381942-V)
(Incorporated in Malaysia)

Statements of financial position as at 31 December 2018, 30 June 2018 and 30 June 2017

	Note	31.12.2018 RM	30.6.2018 RM	30.6.2017 RM
Assets				
Property, plant and equipment	3	8,769,693	6,522,626	6,664,293
Investment property	4	1,106,423	1,113,004	-
Total non-current assets		9,876,116	7,635,630	6,664,293
Inventories	5	728,260	358,558	398,434
Trade receivables	6	3,457,259	4,153,044	3,116,894
Other receivables, deposits and prepayments	7	456,995	362,686	184,501
Fixed deposits with licensed banks	8	32,456	497,364	483,172
Cash and cash equivalents		4,074,945	3,030,458	129,780
Total current assets		8,749,915	8,402,110	4,312,781
Total assets		18,626,031	16,037,740	10,977,074
Equity				
Share capital	9	150,000	150,000	150,000
Retained earnings		9,139,634	7,708,853	3,744,436
Total equity		9,289,634	7,858,853	3,894,436
Liabilities				
Deferred tax liabilities	10	143,842	34,839	52,831
Deferred income	11	255,000	270,000	-
Finance lease liabilities	12	2,925,289	1,986,707	2,259,678
Loans and borrowings	13	1,964,942	2,067,120	2,183,709
Total non-current liabilities		5,289,073	4,358,666	4,496,218

MULTI MOULD INDUSTRIES SDN. BHD.
(Company No.: 381942-V)
(Incorporated in Malaysia)

Statements of financial position as at 31 December 2018, 30 June 2018 and 30 June 2017 (continued)

	Note	31.12.2018 RM	30.6.2018 RM	30.6.2017 RM
Trade payables		647,485	895,636	1,137,139
Other payables and accruals	14	106,756	629,331	308,905
Amount due to a related company	15	-	115,255	118,147
Dividend payable		150,000	-	-
Finance lease liabilities	12	784,664	600,454	477,124
Loans and borrowings	13	1,834,640	972,003	485,812
Current tax liabilities		523,779	607,542	59,293
Total current liabilities		4,047,324	3,820,221	2,586,420
Total liabilities		9,336,397	8,178,887	7,082,638
Total equity and liabilities		18,626,031	16,037,740	10,977,074

The notes on pages 9 to 55 are an integral part of these financial statements.

MULTI MOULD INDUSTRIES SDN. BHD.

(Company No.: 381942-V)
(Incorporated in Malaysia)

Statements of profit or loss and other comprehensive income for the six months period ended 31 December 2018 and 31 December 2017 and for the years ended 30 June 2018 and 30 June 2017

	Note	1.7.2018 - 31.12.2018 RM	1.7.2017 - 31.12.2017 RM	1.7.2017 - 30.6.2018 RM	1.7.2016 - 30.6.2017 RM
Revenue	16	7,820,996	7,876,292	17,015,955	9,347,005
Cost of sales		(3,510,926)	(4,075,755)	(8,362,364)	(6,076,890)
Gross profit		4,310,070	3,800,537	8,653,591	3,270,115
Other operating income		185,883	34,191	128,907	73,217
Administrative expenses		(646,730)	(1,193,029)	(2,957,214)	(1,174,472)
Selling and distribution expenses		(50,301)	(53,782)	(181,697)	(133,468)
Other operating expenses		-	(599)	(69,380)	(107,122)
Results from operating activities		3,798,922	2,587,318	5,574,207	1,928,270
Finance costs	17	(179,651)	(107,875)	(304,533)	(213,398)
Profit before tax	18	3,619,271	2,479,443	5,269,674	1,714,872
Tax expense	19	(988,490)	(570,791)	(1,155,257)	(413,959)
Profit for the period/year		2,630,781	1,908,652	4,114,417	1,300,913
Other comprehensive income		-	-	-	-
Total comprehensive income for the period/year		2,630,781	1,908,652	4,114,417	1,300,913

The notes on pages 9 to 55 are an integral part of these financial statements.

MULTI MOULD INDUSTRIES SDN. BHD.
(Company No.: 381942-V)
(Incorporated in Malaysia)

Statements of changes in equity for the period ended 31 December 2018 and for the years ended 30 June 2018 and 30 June 2017

	Note	Share capital RM	*Distributable* Retained earnings RM	Total equity RM
At 1 July 2016		150,000	2,523,023	2,673,023
Profit and total comprehensive income for the year		-	1,300,913	1,300,913
Dividends to owners of the Company	20	-	(79,500)	(79,500)
At 30 June 2017/ 1 July 2017		150,000	3,744,436	3,894,436
Profit and total comprehensive income for the year		-	4,114,417	4,114,417
Dividends to owners of the Company	20	-	(150,000)	(150,000)
At 30 June 2018/ 1 July 2018		150,000	7,708,853	7,858,853
Profit and total comprehensive income for the period		-	2,630,781	2,630,781
Dividends to owners of the Company	20	-	(1,200,000)	(1,200,000)
At 31 December 2018		150,000	9,139,634	9,289,634
		Note 9		

The notes on pages 9 to 55 are an integral part of these financial statements.

MULTI MOULD INDUSTRIES SDN. BHD.

(Company No.: 381942-V)
(Incorporated in Malaysia)

Statements of cash flows for the six months period ended 31 December 2018 and 31 December 2017 and for the years ended 30 June 2018 and 30 June 2017

	Note	1.7.2018 - 31.12.2018 RM	1.7.2017 - 31.12.2017 RM	1.7.2017 - 30.6.2018 RM	1.7.2016 - 30.6.2017 RM
Cash flows from operating activities					
Profit before tax		3,619,271	2,479,443	5,269,674	1,714,872
Adjustments for:					
Allowance for doubtful debts	6	-	-	32,046	28,385
Amortisation of government grant	11	(15,000)	-	(30,000)	-
Bad debts written off		-	-	36,167	1,428
Depreciation of investment property	4	6,581	-	13,741	-
Depreciation of property, plant and equipment	3	370,652	329,529	655,095	420,953
Gain on disposal of property, plant and equipment		(129,656)	-	(20,550)	(4,812)
Finance costs		179,651	107,875	304,533	213,398
Interest income		(7,959)	(9,752)	(14,192)	(14,043)
Property, plant and equipment written off		-	-	-	44,832
Operating profit before changes in working capital		4,023,540	2,907,095	6,246,514	2,405,013
Changes in working capital:					
Inventories		(369,702)	-	39,876	(205,226)
Trade receivables		695,785	(698,069)	(1,104,363)	(941,165)
Other receivables, deposits and prepayments		(94,309)	(21,241)	(178,185)	44,524
Fixed deposits with a licensed bank		464,908	(9,752)	(14,192)	(14,043)
Trade payables		(248,151)	121,481	(241,503)	163,629
Other payables and accruals		(522,575)	217,570	320,426	(22,736)
Cash generated from operations		3,949,496	2,517,084	5,068,573	1,429,996
Tax paid		(963,250)	(216,251)	(625,000)	(549,815)
Interest received		7,959	9,752	14,192	14,043
Net cash from operating activities		2,994,205	2,310,585	4,457,765	894,224

MULTI MOULD INDUSTRIES SDN. BHD.

(Company No.: 381942-V)
(Incorporated in Malaysia)

Statements of cash flows for the six months period ended 31 December 2018 and 31 December 2017 and for the years ended 30 June 2018 and 30 June 2017 (continued)

	Note	1.7.2018 - 31.12.2018 RM	1.7.2017 - 31.12.2017 RM	1.7.2017 - 30.6.2018 RM	1.7.2016 - 30.6.2017 RM
Cash flows from investing activities					
Acquisition of property, plant and equipment	A	(404,786)	(418,418)	(374,878)	(600,808)
Acquisition of investment property	B	-	-	(246,745)	-
Proceeds from disposal of property, plant and equipment		487,150	-	237,000	130,079
Net cash from/(used in) investing activities		82,364	(418,418)	(384,623)	(470,729)
Cash flows from financing activities					
Interest paid		(179,651)	(107,875)	(304,533)	(213,398)
Dividend paid to owners of the Company		(1,050,000)	-	(150,000)	(79,500)
Repayment to a related party		(115,255)	-	(2,892)	(3,044)
Repayment of finance lease liabilities		(497,635)	(154,576)	(504,641)	(408,675)
Repayment of term loans		(189,541)	(150,811)	(136,532)	(103,309)
Government grant received		-	-	300,000	-
Net cash used in financing activities		(2,032,082)	(413,262)	(798,598)	(807,926)
Net increase/(decrease) in cash and cash equivalents		1,044,487	1,478,905	3,274,544	(384,431)
Cash and cash equivalents at beginning of period/years		3,030,458	(244,086)	(244,086)	140,345
Cash and cash equivalents at end of period/years	C	4,074,945	1,234,819	3,030,458	(244,086)

MULTI MOULD INDUSTRIES SDN. BHD.

(Company No.: 381942-V)
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Statements of cash flows for the six months period ended 31 December 2018 and 31 December 2017 and for the years ended 30 June 2018 and 30 June 2017 (continued)

Notes to the statements of cash flows

A Acquisition of property, plant and equipment

During the respective period/year, the Company acquired property, plant and equipment as follows:

	1.7.2018 - 31.12.2018 RM	1.7.2017 - 31.12.2017 RM	1.7.2017 - 30.6.2018 RM	1.7.2016 - 30.6.2017 RM
Paid in cash	404,786	63,418	374,878	600,808
In the form of finance lease and term loan	2,570,427	355,000	355,000	2,401,320
	2,975,213	418,418	729,878	3,002,128

B Acquisition of investment property

During the respective period/year, the Company acquired an investment property as follows:

	1.7.2018 - 31.12.2018 RM	1.7.2017 - 31.12.2017 RM	1.7.2017 - 30.6.2018 RM	1.7.2016 - 30.6.2017 RM
Paid in cash	-	-	246,745	-
In the form of finance lease and term loan	-	-	880,000	-
	-	-	1,126,745	-

C Analysis of cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts.

	1.7.2018 - 31.12.2018 RM	1.7.2017 - 31.12.2017 RM	1.7.2017 - 30.6.2018 RM	1.7.2016 - 30.6.2017 RM
Cash and bank balances	4,074,945	1,234,819	3,030,458	129,780
Bank overdrafts	-	-	-	(373,866)
	4,074,945	1,234,819	3,030,458	(244,086)

MULTI MOULD INDUSTRIES SDN. BHD.

(Company No.: 381942-V)
(Incorporated in Malaysia)

Statements of cash flows for the six months period ended 31 December 2018 and 31 December 2017 and for the years ended 30 June 2018 and 30 June 2017 (continued)

Notes to the statements of cash flows (continued)

D Reconciliation of movements of liabilities to cash flows arising from financing activities

	Term loans RM	Finance lease liabilities RM	Total RM
At 1 July 2016	2,399,024	744,157	3,143,181
Net changes from financing cash flows	(103,369)	(408,675)	(512,044)
Acquisition of new lease	-	2,401,320	2,401,320
At 30 June 2017 / 1 July 2017	2,295,655	2,736,802	5,032,457
Net changes from financing cash flows	(136,532)	(504,641)	(641,173)
Placement of term loan	880,000	-	880,000
Acquisition of new lease	-	355,000	355,000
At 30 June 2018 / 1 July 2018	3,039,123	2,587,161	5,626,284
Net changes from financing cash flows	(189,541)	(497,635)	(687,176)
Placement of term loan	950,000	-	950,000
Acquisition of new lease	-	1,620,427	1,620,427
31 December 2018	3,799,582	3,709,953	7,509,535

MULTI MOULD INDUSTRIES SDN. BHD.

(Company No.: 381942-V)
(Incorporated in Malaysia)

Notes to the financial statements

Multi Mould Industries Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

PT 14495, Persiaran Batu Gajah Perdana 4
Kawasan Perindustrian Batu Gajah Perdana
31000 Baru Gajah
Perak Darul Ridzuan

Registered office

26-1, Lorong Tiara 1A
Bandar Baru Klang
Klang 41150,
Selangor Darul Ehsan

The Company is principally engaged in manufacturing, marketing and sale of precision engineering parts.

General Information

These financial statements consist solely of the audited financial statements of Multi Mould Industries Sdn. Bhd. (the "Company") for the six months period ended 31 December 2018 and for the financial years ended 30 June 2018 and 30 June 2017 and have been prepared by the directors of the Company for the inclusion in the information memorandum in connection with the proposed listing of.and quotation for the issued share capital of MMIS Berhad on the Leading Entrepreneur Accelerator Platform ("LEAP") Market of Bursa Malaysia Securities Berhad ("Proposed Listing") and for no other purposes.

MMIS Sdn. Bhd. ("MMIS") was incorporated on 22 February 2019 under the Companies Act 2016 as a private limited company and on 29 April 2019, MMIS was converted into a public company limited by shares and adopted the name MMIS Berhad.

The principal activity of MMIS Berhad is investment holding and the financial information of MMIS Berhad has not been presented in this financial statements as MMIS Berhad was only incorporated on 22 February 2019 to facilitate the Proposed Listing and remains dormant. For the purpose of the Proposed Listing, MMIS Berhad intends to acquire the entire equity interest in the Company for a total consideration of RM10,000,000, which will be satisfied in full by the allotment and issuance of 449,999,900 new ordinary shares in MMIS Berhad subsequent to the date of this report.

On 25 March 2019, the Company had issued 1,000,000 irredeemable convertible preference shares ("ICPS") at an issue price of RM1.00 per ICPS. The ICPS was then converted into share capital on 22 April 2019.

1. Basis of preparation

(a) Statement of compliance

For the purpose of the Proposed Listing, the financial statements of the Company for the six months period ended 31 December 2018 and for the financial years ended 30 June 2018 and 30 June 2017 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"). The statutory financial statements of the Company for the financial years ended 30 June 2018 and 30 June 2017 have been prepared in accordance with Malaysian Private Entities Reporting Standards ("MPERS").

Changes in accounting policies

The Company has adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* which are effective for annual periods beginning on or after 1 January 2018 and has adopted and consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 July 2016 and throughout all financial period and years presented, as if the policies had always been effect.

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligation. The standard specifies that the revenue is to be recognised when control over the goods and services is transferred to the customers, moving from the transfer of risks and rewards.

The adoption of MFRS 15, *Revenue from Contracts with Customers* does not have material financial impact to the Company.

(ii) MFRS 9, *Financial Instruments*

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The adoption of MFRS 9, *Financial Instruments* does not have material financial impact to the Company.

Company No. 381942-V

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)**
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)**
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement**
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures**

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business#*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Company plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning 1 July 2019 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, except for those marked with "*" which are not applicable to the Company;

- from the annual period beginning on 1 July 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020, except for those marked with "#" which are not applicable to the Company; and

The Company does not plan to apply MFRS 17, *Insurance Contracts* and Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures* that are effective for annual periods beginning on 1 January 2021 and on or after a date yet to be confirmed respectively as they are not applicable to the Company.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Company except as mentioned below:

MFRS 16, *Leases*

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

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

1. Basis of preparation (continued)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 4 investment properties.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Company, unless otherwise stated.

Arising from the application of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

(i) financial instruments;

(ii) revenue recognition; and

(iii) impairment losses of financial instruments

for the financial statements for the period ended 31 December 2018. The impact arising from the changes are disclosed in Note 26.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

2. Significant accounting policies (continued)

(a) Foreign currency transactions (continued)

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

(b) Financial instruments

Unless specifically disclosed below, the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Company has elected not to restate the comparatives.

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Current financial period ended 31 December 2018

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

Previous financial years ended 30 June 2017 and 30 June 2018

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

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial period ended 31 December 2018

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(h)(i)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 2(h)(i)).

Previous financial years ended 30 June 2017 and 30 June 2018

The financial assets of the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade receivables, other receivables and deposits, fixed deposits with a licensed bank and cash and cash equivalents.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

All financial assets were subject to impairment assessment (see Note 2(h)(i)).

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

Current financial period ended 31 December 2018

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial years ended 30 June 2017 and 30 June 2018

The financial liabilities of the Company were subsequently measured at amortised cost.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of 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 of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the 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 expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

2. Significant accounting policies (continued)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition 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 the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. 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 (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(iii) Depreciation (continued)

Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimate useful lives for the six months period ended 31 December 2018 and financial years ended 30 June 2018 and 30 June 2017 are as follows:-

Leasehold lands	82 to 85 years
Factory building	50 years
Plant and machinery	10 years
Motor vehicles	5 years
Office equipment	2 to 10 years
Furniture and fittings	10 years
Electrical installation	10 years

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

(d) Investment property

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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 disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

2. Significant accounting policies (continued)

(e) Leased assets

(i) Finance lease

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

Minimum lease payments made under finance leases are apportioned between finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

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

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

(f) Inventories

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

The cost of inventories is calculated using the first-in first-out basis and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

2. Significant accounting policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investment which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(h) Impairment

(i) Financial assets

Unless specifically disclosed below, the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Company elected not to restate the comparatives.

Current financial period ended 31 December 2018

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

2. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Financial assets (continued)

Current financial period ended 31 December 2018 (continued)

The Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due.

Previous financial years ended 30 June 2017 and 30 June 2018

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

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

2. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Financial assets (continued)

Previous financial years ended 30 June 2017 and 30 June 2018 (continued)

If, in a subsequent period, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and investment property) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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 other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the 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. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. Significant accounting policies (continued)

(i) Equity instrument

Ordinary shares classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Statutory contribution plans

The Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate.

(k) Contingent liabilities

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

(l) Borrowing costs

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

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

2. Significant accounting policies (continued)

(l) Borrowing costs

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

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

(m) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Company performs;

(b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

2. Significant accounting policies (continued)

(m) Revenue and other income (continued)

(iv) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(n) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(d), 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 with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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2. Significant accounting policies (continued)

(n) Income tax (continued)

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Fair value measurements

Fair value of an asset or a liability, except for 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 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.

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

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

Level 3: unobservable inputs for the asset or liability.

The Company 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. Property, plant and equipment

	Leasehold land RM	Factory building RM	Plant and machinery RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Electrical installation RM	Capital work- in-progress RM	Total RM
Cost									
At 1 July 2016	1,081,040	2,043,637	3,457,601	1,125,590	105,845	8,315	18,725	-	7,840,753
Additions	-	-	2,009,650	419,622	52,420	44,725	106,419	369,292	3,002,128
Disposals	-	-	(57,000)	(252,657)	-	(4,500)	-	-	(314,157)
Write off	-	(55,622)	-	-	-	-	-	-	(55,622)
Transfer	-	369,292	-	-	-	-	-	(369,292)	-
At 30 June 2017/ 1 July 2017	1,081,040	2,357,307	5,410,251	1,292,555	158,265	48,540	125,144	-	10,473,102
Additions	-	100,550	506,740	90,361	12,277	12,905	-	7,045	729,878
Disposals	-	-	(481,000)	-	-	-	-	-	(481,000)
At 30 June 2018/ 1 July 2018	1,081,040	2,457,857	5,435,991	1,382,916	170,542	61,445	125,144	7,045	10,721,980
Additions	1,225,968	-	715,475	1,023,380	5,170	-	-	5,220	2,975,213
Disposals	-	-	-	(854,894)	-	-	-	-	(854,894)
At 31 December 2018	2,307,008	2,457,857	6,151,466	1,551,402	175,712	61,445	125,144	12,265	12,842,299

3. Property, plant and equipment (continued)

	Leasehold land RM	Factory building RM	Plant and machinery RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Electrical installation RM	Capital work- in- progress RM	Total RM
Accumulated depreciation									
At 1 July 2016	25,436	10,790	3,008,160	431,885	95,176	4,800	11,289	-	3,587,536
Depreciation charged for the year	12,718	62,407	112,795	217,117	8,324	2,137	5,455	-	420,953
Disposals	-	-	(57,000)	(129,814)	-	(2,076)	-	-	(188,890)
Write off	-	(10,790)	-	-	-	-	-	-	(10,790)
At 30 June 2017/ 1 July 2017	38,154	62,407	3,063,955	519,188	103,500	4,861	16,744	-	3,808,809
Depreciation charged for the year	12,718	49,157	306,568	255,246	14,026	5,928	11,452	-	655,095
Disposals	-	-	(264,550)	-	-	-	-	-	(264,550)
At 30 June 2018/ 1 July 2018	50,872	111,564	3,105,973	774,434	117,526	10,789	28,196	-	4,199,354
Depreciation charged for the period	13,834	24,579	176,797	140,356	6,396	2,964	5,726	-	370,652
Disposals	-	-	-	(497,400)	-	-	-	-	(497,400)
At 31 December 2018	64,706	136,143	3,282,770	417,390	123,922	13,753	33,922	-	4,072,606

3. Property, plant and equipment (continued)

	Leasehold land RM	Factory building RM	Plant and machinery RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Electrical installation RM	Capital work- in- progress RM	Total RM
Carrying amounts									
At 1 July 2016	1,055,604	2,032,847	449,441	693,705	10,669	3,515	7,436	-	4,253,217
At 30 June 2017/ 1 July 2017	1,042,886	2,294,900	2,346,296	773,367	54,765	43,679	108,400	-	6,664,293
At 30 June 2018/ 1 July 2018	1,030,168	2,346,293	2,330,018	608,482	53,016	50,656	96,948	7,045	6,522,626
At 31 December 2018	2,242,302	2,321,714	2,868,696	1,134,012	51,790	47,692	91,222	12,265	8,769,693

Leased plant and equipment

The net carrying amount of leased plant and machinery and motor vehicles were RM2,655,277 and RM1,108,172 (30.6.2018: RM2,209,394 and RM596,003; 30.6.2017: RM2,197,121 and RM761,631) respectively.

Security

The leasehold land has been charged to bank to secure banking facilities granted to the Company as stated in Note 13.

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4. Investment property

	Leasehold land RM
Cost	
At 1 July 2016 / 30 June 2017 / 1 July 2017	-
Additions	1,126,745
At 30 June 2018 / 1 July 2018 / 31 December 2018	1,126,745
Accumulated depreciation	
At 1 July 2016/ 30 June 2017 / 1 July 2017	-
Depreciation charged for the year	13,741
At 30 June 2018 / 1 July 2018	13,741
Depreciation charged for the period	6,581
At 31 December 2018	20,322
Carrying amounts	
At 1 July 2016 / 30 June 2017 / 1 July 2017	-
At 30 June 2018 / 1 July 2018	1,113,004
At 31 December 2018	1,106,423

The leasehold land was leased to a third party. The lease contains an initial non-cancellable period of 2 years as stated in Note 23. No contingent rents are charged.

The leasehold land has been charged to the bank to secure banking facilities granted to the Company as stated in Note 13.

The following are recognised in profit or loss in respect of investment property.

	1.7.2018 - 31.12.2018 RM	1.7.2017 - 31.12.2017 RM	1.7.2017 - 30.6.2018 RM	1.7.2016 - 30.6.2017 RM
Rental income	15,000	-	14,575	-

Fair value information

Fair value of investment property is categorised as follows:

Level 3	31.12.2018 RM	30.6.2018 RM	30.6.2017 RM
Leasehold land	1,307,814	1,307,814	-

Level 3 fair value of leasehold land has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant unobservable input into this valuation approach is price per square foot of comparable properties. The estimated fair value would increase (decrease) if the price per square foot is higher (lower) and changes to the fair value are analysed on a yearly basis by the Company.

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5. Inventories

	31.12.2018 RM	30.6.2018 RM	30.6.2017 RM
Raw materials	179,175	202,117	210,680
Semi-finished goods	231,396	72,861	59,803
Finished goods	317,689	83,580	127,951
	728,260	358,558	398,434

Inventories recognised in cost of sales were RM1,840,363 (period ended 31.12.2017: RM2,564,971; year ended 30.6.2018: RM5,248,845; year ended 30.6.2017: RM3,677,210).

6. Trade receivables

	Note	31.12.2018 RM	30.6.2018 RM	30.6.2017 RM
Trade receivables from contracts with customers	a	3,585,704	4,281,489	3,213,293
Less: Allowance for doubtful debts				
Balance carried forward		128,445	96,399	68,014
Allowance for the period/year		-	32,046	28,385
Balance brought forward		(128,445)	(128,445)	(96,399)
		3,457,259	4,153,044	3,116,894

Note a

Trade receivables from contracts with customers are unsecured with credit terms ranging from 30 days to 90 days (30.6.2018: 30 days to 90 days; 30.6.2017: 30 days to 90 days).

7. Other receivables, deposits and prepayments

	Note	31.12.2018 RM	30.6.2018 RM	30.6.2017 RM
Other receivables	a	355,872	59,356	16,406
Deposits		2,000	187,035	12,400
Prepayments		99,123	116,295	155,695
		456,995	362,686	184,501

Note a

Included in other receivables as at 31 December 2018 is an amount owing by a third party car dealer for disposal of a motor vehicle amounting to RM226,137 (30.6.2018: Nil; 30.6.2017: Nil).

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8. Fixed deposits with licensed banks

	31.12.2018 RM	30.6.2018 RM	30.6.2017 RM
Fixed deposits under lien	32,456	497,364	483,172

The fixed deposits under lien have been charged to the bank as collateral for banking facilities extended to the Company (Note 13).

9. Share capital

	Amount 31.12.2018 RM	Number of shares 31.12.2018	Amount 30.6.2018 RM	Number of shares 30.6.2018	Amount 30.6.2017 RM	Number of shares 30.6.2017
Issued and fully paid shares classified as equity:						
Ordinary shares						
At beginning of period/year and end of period/year	150,000	150,000	150,000	150,000	150,000	150,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

10. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	<---- Assets	---->		<---- Liabilities	---->		<---- Net	---->	
	31.12.2018 RM	30.6.2018 RM	30.6.2017 RM	31.12.2018 RM	30.6.2018 RM	30.6.2017 RM	31.12.2018 RM	30.6.2018 RM	30.6.2017 RM
Property, plant and equipment	-	-	-	(174,669)	(34,839)	(52,831)	(174,669)	(34,839)	(52,831)
Others	30,827	-	-	-	-	-	30,827	-	-
	30,827	-	-	(174,669)	(34,839)	(52,831)	(143,842)	(34,839)	(52,831)

Movement in temporary differences

	At 1.7.2016 RM	Recognised in profit or loss (Note 19) RM	At 30.6.2017/ 1.7.2017 RM	Recognised in profit or loss (Note 19) RM	At 30.6.2018 1.7.2018 RM	Recognised in profit or loss (Note 19) RM	At 31.12.2018 RM
Property, plant and equipment	(18,767)	(34,064)	(52,831)	17,992	(34,839)	(139,830)	(174,669)
Others	-	-	-	-	-	30,827	30,827
	(18,767)	(34,064)	(52,831)	17,992	(34,839)	(109,003)	(143,842)

11. Deferred income

	Government grant received RM
Cost	
At 1 July 2016 / 30 June 2017 / 1 July 2017	-
Additions	300,000
At 30 June 2018 / 1 July 2018 / 31 December 2018	300,000
Accumulated amortisation	
At 1 July 2016 / 30 June 2017 / 1 July 2017	-
Amortised during for the year	30,000
At 30 June 2018/1 July 2018	30,000
Amortised during for the period	15,000
At 31 December 2018	45,000
Unamortised portion	
At 1 July 2016 / 30 June 2017 / 1 July 2017	-
At 30 June 2018/1 July 2018	270,000
At 31 December 2018	255,000

Government grant

The Company received a government grant in 2018 which was conditional upon the purchase of a specific machinery. The grant was granted up to 50% of the total machinery cost and the Company commenced the usage of the machinery in 2018. The grant is being amortised over the useful life of the machinery. The amortisation of the grant is recognised as other operating income in profit or loss.

12. Finance lease liabilities

Finance lease liabilities are payable as follows:

	31.12.2018			30.6.2018			30.6.2017		
	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
Less than one year	984,232	199,568	784,664	757,116	156,662	600,454	599,254	122,130	477,124
Between one and five years	3,238,975	313,686	2,925,289	2,172,346	185,638	1,986,707	2,556,218	296,540	2,259,678
	4,223,207	513,254	3,709,953	2,929,462	342,300	2,587,161	3,155,472	418,670	2,736,802

The finance lease liabilities bear effective interest rates ranging from 2.29% to 5.81% (30.6.2018: 2.49% to 4.51%; 30.6.2017: 2.49% to 4.51%) per annum.

13. Loans and borrowings

	Note	31.12.2018 RM	30.6.2018 RM	30.6.2017 RM
Non-current				
Term loans	a	1,964,942	2,067,120	2,183,709
Current				
Bank overdrafts	b	-	-	373,866
Term loans	a	1,834,640	972,003	111,946
		1,834,640	972,003	485,812
		3,799,582	3,039,123	2,669,521

Note a

The term loans bear interest rates ranging from 4.42% to 6.07% (30.6.2018: 4.66% to 7.00%; 30.6.2017: 5.71% to 7.00%) per annum.

Note b

The bank overdrafts bear interest rates ranging from NIL (30.6.2018: NIL; 30.6.2017: 1.00% to 2.00%) per annum above banker's base lending rate.

Security

The term loans and bank overdrafts are secured by way of legal charge over the landed properties of the Company, fixed deposits pledge and further guaranteed jointly and severally by the Directors of the Company.

Loan covenants

Pursuant to the loan covenants of the credit facility with Maybank Banking Berhad ("MBB"), the major loan covenants to be complied by the Company are as follows:-

The Company shall not without MBB's prior written consent:

(i) incur and guarantee any indebtedness (except for the indebtedness with MBB);

(ii) enter into any partnership with profit sharing or royalty agreement arrangement;

(iii) enter into transactions that are not on the basis of arm's length arrangements;

(iv) provide loans or advances to any related corporation;

(v) changes the nature of the present business or dispose substantial part of the business;

(vi) declare or pay any dividends to the shareholders; and

(vii) lease substantial part of the assets purchased with the funds provided by the bank.

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13. Loans and borrowings (continued)

For the financial period ended 31 December 2018 and years ended 30 June 2018 and 30 June 2017 respectively, the Company had declared and paid out dividends (as stated in Note 20) and entered into a tenancy agreement with a third party on 1 April 2018 for the leasing of the leasehold land purchased with the funds provided by MBB without the bank's approval which had contravened the stipulated loan covenants. As a result, the non-current MBB term loans have been reclassified to current liabilities.

The Company had subsequently obtained MBB's approval on 25 March 2019 and 2 April 2019 for the declaration and payment of dividends (as stated in Note 20) and the leasing of the leasehold land to a third party tenant for each financial period and years respectively (as stated in Note 23).

14. Other payables and accruals

	31.12.2018 RM	30.6.2018 RM	30.6.2017 RM
Other payables	3,864	225,795	92,601
Accruals and deposits	102,892	403,536	216,304
	106,756	629,331	308,905

15. Amount due to a related company

Amount due to a related company is non-trade in nature, unsecured, interest free and repayable on demand.

16. Revenue

	1.7.2018 - 31.12.2018 RM	1.7.2017 - 31.12.2017 RM	1.7.2017 - 30.6.2018 RM	1.7.2016 - 30.6.2017 RM
Revenue from contracts with customers				
At a point in time				
- Manufacturing of machinery moulds	7,364,029	6,665,094	14,417,198	9,013,368
Over time				
- Processing and enhancement of materials provided by customers	456,967	1,211,198	2,598,757	333,637
	7,820,996	7,876,292	17,015,955	9,347,005

16. Revenue (continued)

Nature of services

The following information reflects the typical transactions of the Company:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Manufacturing of machinery moulds	Revenue is recognised at the point in time when the goods are delivered and accepted by the customers at their premises.	60 to 90 days from the invoice date.
Processing and enhancement of materials provided by customers	Revenue is recognised overtime as costs are incurred. The Company's performance enhances the asset that the customer controls as the asset is enhanced.	60 to 90 days from the invoice date.

16.1 Transaction price allocated to the remaining performance obligations

The revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date is deemed immaterial.

17. Finance costs

	1.7.2018 - 31.12.2018 RM	1.7.2017 - 31.12.2017 RM	1.7.2017 - 30.6.2018 RM	1.7.2016 - 30.6.2017 RM
Interest expense of financial liabilities that are not at fair value through profit or loss	179,651	107,875	304,533	213,398

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18. Profit before tax

	1.7.2018 - 31.12.2018 RM	1.7.2017 - 31.12.2017 RM	1.7.2017 - 30.6.2018 RM	1.7.2016 - 30.6.2017 RM
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- Audit fees	12,000	-	9,500	5,800
- Other fees	88,000	-	-	-
Material expenses/(income)				
Allowance for doubtful debts	-	-	32,046	28,385
Bad debts written off	-	-	36,167	1,428
Depreciation of investment property	6,581	-	13,741	-
Depreciation of property, plant and equipment	370,652	329,529	655,095	420,953
Loss on foreign exchange	-	599	1,167	14,400
Loss on disposal of property, plant and equipment	-	-	-	18,077
Property, plant and equipment written off	-	-	-	44,832
Penalty	19,019	-	-	11,425
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	95,040	80,451	164,309	116,398
- Salaries, wages, allowances and incentive	1,401,913	1,253,064	2,725,475	2,170,217
- Contributions to Social Security	11,223	9,986	20,266	15,213
- Other employee benefits	3,360	3,360	1,635,344	53,280
Amortisation of government grant	(15,000)	-	(30,000)	-
Fixed deposits interest received	(7,959)	(9,752)	(14,192)	(14,043)
Gain on disposal of property, plant and equipment	(129,656)	-	(20,550)	(22,890)
Rental income	(15,000)	-	(14,575)	-

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19. Tax expense

	1.7.2018 - 31.12.2018 RM	1.7.2017 - 31.12.2017 RM	1.7.2017 - 30.6.2018 RM	1.7.2016 - 30.6.2017 RM
Components of tax expense				
Current tax expense				
- Current period/year	851,808	570,791	1,178,849	379,895
- Under/(over)provision of current in prior years	27,679	-	(5,600)	-
Total current tax recognised in profit or loss	879,487	570,791	1,173,249	379,895
Deferred tax expense				
- Origination/(Reversal) of temporary differences	16,088	-	(17,992)	34,064
- Underprovision in prior years	92,915	-	-	-
Total deferred tax recognised in profit or loss (Note 10)	109,003	-	(17,992)	34,064
Total tax expense	988,490	570,791	1,155,257	413,959
Reconciliation of effective tax expense				
Profit before tax	3,619,271	2,479,443	5,269,674	1,714,872
Income tax calculated using Malaysian statutory tax rate of 24%	868,625	595,066	1,264,722	411,569
Effect of lower effective tax rate	(28,971)	(30,000)	(167,926)	(30,433)
Non-deductible expenses	34,000	20,158	78,000	62,865
Effect of unrecognised deductible temporary differences	(5,912)	(14,433)	(30,993)	(30,936)
Others	154	-	17,054	894
	867,896	570,791	1,160,857	413,959
Under/(over)provision of current tax in prior years	27,679	-	(5,600)	-
Underprovision of deferred tax in prior year	92,915	-	-	-
	988,490	570,791	1,155,257	413,959

With effect from year of assessment 2017, companies with paid-up capital of RM2.5 million and below and such companies are not controlled directly or indirectly by another company which has paid-up capital of more than RM2.5 million at the beginning of the basis period for a year of assessment are subject to corporate tax at 18% on chargeable income up to RM500,000.

The Company is able to distribute dividends out of its entire distributable reserves under the single-tier income tax system.

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20. Dividend

Dividend recognised and paid by the Company were as follows:

	Amount RM	Dates of payment
1.7.2016 – 30.6.2017		
Interim ordinary single-tier dividend of RM0.53 per share	79,500	25 January 2017
1.7.2017 – 30.6.2018		
Interim ordinary single-tier dividend of RM1.00 per share	150,000	9 February 2018
1.7.2018 – 31.12.2018		
Interim ordinary single-tier dividend of RM7.00 per share	1,050,000	31 December 2018
Second Interim ordinary single-tier dividend of RM1.00 per share	150,000	29 January 2019
	1,200,000	

21. Financial instruments

21.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as amortised cost ("AC").

31.12.2018	Carrying amount RM	AC RM
Financial assets		
Trade receivables	3,457,259	3,457,259
Other receivables and deposits	357,872	357,872
Fixed deposits with licensed banks	32,456	32,456
Cash and cash equivalents	4,074,945	4,074,945
	7,922,532	7,922,532
Financial liabilities		
Trade payables	(647,485)	(647,485)
Other payables and accruals	(106,756)	(106,756)
Amounts due to shareholders	(150,000)	(150,000)
Finance lease liabilities	(3,709,953)	(3,709,953)
Loans and borrowings	(3,799,582)	(3,799,582)
	(8,413,776)	(8,413,776)

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21. Financial instruments (continued)

21.1 Categories of financial instruments (continued)

The table below provides an analysis of financial instruments as at 30 June 2018 and 30 June 2017 categorised as follows:

(a) Loans and receivables ("L&R")

(b) Financial liabilities measured at amortised cost ("FL")

30.6.2018	Carrying amount RM	L&R/ (FL) RM
Financial assets		
Trade receivables	4,153,044	4,153,044
Other receivables and deposits	127,394	127,394
Fixed deposits with licensed banks	497,364	497,364
Cash and cash equivalents	3,030,458	3,030,458
	7,808,260	7,808,260
Financial liabilities		
Trade payables	(895,636)	(895,636)
Other payables and accruals	(503,062)	(503,062)
Amount due to a related company	(115,255)	(115,255)
Finance lease liabilities	(2,587,161)	(2,587,161)
Loans and borrowings	(3,039,123)	(3,039,123)
	(7,140,237)	(7,140,237)
30.6.2017		
Financial assets		
Trade receivables	3,116,894	3,116,894
Other receivables and deposits	28,806	28,806
Fixed deposits with licensed banks	483,172	483,172
Cash and cash equivalents	129,780	129,780
	3,758,652	3,758,652
Financial liabilities		
Trade payables	(1,137,139)	(1,137,139)
Other payables and accruals	(308,905)	(308,905)
Amount due to a related company	(118,147)	(118,147)
Finance lease liabilities	(2,736,802)	(2,736,802)
Loans and borrowings	(2,669,521)	(2,669,521)
	(6,970,514)	(6,970,514)

21. Financial instruments (continued)

21.2 Net gains and losses arising from financial instruments

	1.7.2018 - 31.12.2018 RM	1.7.2017 - 31.12.2017 RM	1.7.2017 - 30.6.2018 RM	1.7.2016 - 30.6.2017 RM
Net gains/(losses) on:				
Financial assets at amortised cost	7,959	-	-	-
Financial liabilities at amortised cost	(179,651)	(107,875)	(304,533)	(213,398)
Loans and receivables	-	(59,060)	(55,189)	(30,170)
	(171,692)	(166,935)	(359,722)	(243,568)

21.3 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

21.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from its trade receivables from customers.

21.4.1 Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Company assesses whether any of the trade receivables are credit impaired.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting periods, the maximum exposure to credit risk arising from the trade receivables are represented by the carrying amounts in the statement of financial position.

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21. Financial instruments (continued)

21.4 Credit risk (continued)

21.4.1 Trade receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

A significant portion (approximately 90%) of the trade receivables are owing from two major customers that have been transacting with the Company. As there are only a few customers, the Company assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

Management has taken reasonable steps to ensure that the trade receivables that are neither past due nor impaired are stated at its realisable value. The Company uses ageing analysis to monitor the credit quality of the trade receivables.

The trade receivables having balances more than 60 days to more than 90 days are deemed to have higher credit risk, is closely monitored by the management.

Recognition and measurement of impairment loss

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

31.12.2018	**Gross - carrying amount RM**	**Impairment loss RM**	**Net balance RM**
Current (not past due)	2,927,011	-	2,927,011
1-30 days past due	612,564	(82,316)	530,248
31-60 days past due	379	(379)	-
61-90 days past due	37,800	(37,800)	-
	3,577,754	(120,495)	3,457,259
Credit impaired			
More than 90 days past due	7,950	(7,950)	-
	3,585,704	(128,445)	3,457,259

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21. Financial instruments (continued)

21.4 Credit risk (continued)

21.4.1 Trade receivables (continued)

The movements in the allowance for impairment in respect of trade receivables during the period are shown below.

	Lifetime ECL RM	Credit impaired RM	Total RM
31.12.2018			
Balance at 1 July as per MFRS 139	123,445	5,000	128,445
Adjustments on initial application of MFRS 9	-	-	-
Balance at 1 July as per MFRS 9	123,445	5,000	128,445
Net remeasurement of loss allowance	-	-	-
Balance at 31 December	123,445	5,000	128,445

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The ageing of trade receivables as at 30 June 2018 and 30 June 2017 were as follows:

	Gross RM	Individual impairment RM	Net RM
30.6.2018			
Not past due	3,414,610	-	3,414,610
Past due 1-30 days	859,335	(120,901)	738,434
Past due 31-60 days	2,544	(2,544)	-
Past due more than 60 days	5,000	(5,000)	-
	4,281,489	(128,445)	4,153,044
30.6.2017			
Not past due	2,539,258	-	2,539,258
Past due 1-30 days	632,867	(55,231)	577,636
Past due 31-60 days	-	-	-
Past due more than 60 days	41,168	(41,168)	-
	3,213,293	(96,399)	3,116,894

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21. Financial instruments (continued)

21.4 Credit risk (continued)

21.4.1 Trade receivables (continued)

The movements in the allowance for impairment losses of trade receivables during the financial years ended 30 June 2018 and 30 June 2017 were:

	30.6.2018 RM	30.6.2017 RM
At 1 July	96,399	68,014
Impairment loss recognised	32,046	28,385
At 30 June	128,445	96,399

21.4.2 Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institution. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. These banks and financial institutions have low credit risks. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

21.4.3 Other receivables

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. The Company did not recognised any allowance for impairment losses.

21.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its payables, finance lease liabilities and loans and borrowings.

The Company actively manages its operating cash flows so as to ensure that all repayments and funding needs are met.

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21. Financial instruments (continued)

21.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest (% p.a.)	Contractual cash flows RM	Under 1 year RM	More than 1 year RM
Non-derivative financial liabilities					
31.12.2018					
Trade payables	647,485	-	647,485	647,485	-
Other payables and accruals	106,756	-	106,756	106,756	-
Amounts due to shareholders	150,000	-	150,000	150,000	-
Finance lease liabilities	3,709,953	2.29%-5.81%	4,223,207	984,232	3,238,975
Loans and borrowings	3,799,582	4.42%-6.07%	5,458,629	2,477,210	2,981,419
	8,413,776		10,586,077	4,365,683	6,220,394
Non-derivative financial liabilities					
30.6.2018					
Trade payables	895,636	-	895,636	895,636	-
Other payables and accruals	503,062	-	503,062	503,062	-
Amount due to a related company	115,255	-	115,255	115,255	-
Finance lease liabilities	2,587,161	2.49%-4.51%	2,929,462	757,116	2,172,346
Loans and borrowings	3,039,123	4.66%-7.00%	4,472,673	1,312,956	3,159,717
	7,140,237		8,916,088	3,584,025	5,332,063

21. Financial instruments (continued)

21.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual interest (% p.a.)	Contractual cash flows RM	Under 1 year RM	More than 1 year RM
Non-derivative financial liabilities					
30.6.2017					
Trade payables	1,137,139	-	1,137,139	1,137,139	-
Other payables and accruals	308,905	-	308,905	308,905	-
Amount due to a related company	118,147	-	118,147	118,147	-
Finance lease liabilities	2,736,802	2.49%-4.51%	3,155,472	599,254	2,556,218
Loans and borrowings	2,669,521	2.00%-7.00%	3,972,150	622,278	3,349,872
	6,970,514		8,691,813	2,785,723	5,906,090

21.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Company's financial position or cash flows.

21.6.1 Interest rate risk

The Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The exposure to interest rate risk is monitored by the management and is not expected to have a material impact on the financial performance of the Company.

21. Financial instruments (continued)

21.6 Market risk (continued)

21.6.1 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	31.12.2018 RM	30.6.2018 RM	30.6.2017 RM
Fixed rate instruments			
Financial liabilities	(3,709,953)	(2,671,505)	(3,225,558)
Floating rate instruments			
Financial liabilities	(3,799,582)	(2,954,779)	(2,180,765)

21.6.2 Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100bp increase RM	100bp decrease RM
31.12.2018		
Floating rate instruments	(28,877)	28,877
Cash flow sensitivity (net)	(28,877)	28,877
30.6.2018		
Floating rate instruments	(22,456)	22,456
Cash flow sensitivity (net)	(22,456)	22,456
30.6.2017		
Floating rate instruments	(16,574)	16,574
Cash flow sensitivity (net)	(16,574)	16,574

21. Financial instruments (continued)

21.7 Fair value information

The carrying amounts of cash and cash equivalents, receivables, deposits and payables reported in the statement of financial position, reasonably approximate their fair values due to the relatively short term maturity of these financial instruments.

The carrying amounts of finance lease liabilities and loans and borrowings also approximate fair values upon discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

22. Capital management

The Directors monitor the adequacy of capital on an ongoing basis.

The Company is required to comply with the external term loan covenants imposed by respective financial institutions. The Company had complied with this requirement except for the loan covenants as disclosed in Note 13. The Company had obtained written approvals from the financial institution subsequent to the reporting period.

23. Operating lease

Leases as lessor

The Company leases out its investment property. The future minimum lease receivables under non-cancellable leases are as follows:

	31.12.2018 RM	**30.6.2018 RM**	**30.6.2017 RM**
Less than one year	22,500	30,000	-
More than one year	-	22,500	-
	22,500	52,500	-

24. Capital commitment

	31.12.2018 RM	**30.6.2018 RM**	**30.6.2017 RM**
Capital expenditure commitment			
Land and building			
- Authorised but not contracted for	-	549,102	89,273

Company No. 381942-V

25. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and entity that provides key management personnel services to the Company. The key management personnel include all the Directors of the Company.

Related party transactions

	1.7.2018 - 31.12.2018 RM	**1.7.2017 - 31.12.2017 RM**	**1.7.2017 - 30.6.2018 RM**	**1.7.2016 - 30.6.2017 RM**
Related party				
Multi Mould Supply Sdn. Bhd.				
Payment on behalf	3,757	-	2,892	3,044
Key management personnel compensation				
Directors:				
- Fees	-	649,000	1,519,000	48,000
- Other emoluments	3,360	147,697	116,344	5,280
	3,360	796,697	1,635,344	53,280

26. Significant changes in accounting policies

The Company has adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* which are effective for annual periods beginning on or after 1 January 2018.

The Company has adopted MFRS 15, *Revenue from Contracts with Customers* and consistently applied the same accounting policy in its opening MFRS statement of financial position as at 1 July 2016 and throughout all financial period and years presented, as if this policy had always been effect. The Company has also adopted MFRS 9, *Financial Instruments* for the first time for the financial period beginning 1 January 2018.

26. Significant changes in accounting policies (continued)

26.1 Impacts on financial statements

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligation. The standard specifies that the revenue is to be recognised when control over the goods and services is transferred to the customers, moving from the transfer of risks and rewards.

The adoption of MFRS 15, *Revenue from Contracts with Customers* does not have material financial impact to the Company.

(ii) MFRS 9, *Financial Instruments*

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The adoption of MFRS 9, *Financial Instruments* does not have material financial impact to the Company.

26.2 Accounting for financial instruments

a. Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

i) The Company has not restated comparative information for prior periods with respect to classification requirements as permitted by the requirements of MFRS 9. Accordingly, the information presented for 30 June 2018 and 30 June 2017 do not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.

ii) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised. The loss allowance resulting from the adoption of MFRS 9, *Financial Instruments* does not have material financial impact to the Company.

26. Significant changes in accounting policies (continued)

26.2 Accounting for financial instruments (continued)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

Category under MFRS 139		**1.7.2018 Reclassification to new MFRS 9 category**
Financial assets		
Loans and receivables	**30.6.2018**	**Amortised cost ("AC")**
	RM	RM
Trade receivables	4,153,044	4,153,044
Other receivables and deposits	127,394	127,394
Fixed deposits with licensed banks	497,364	497,364
Cash and cash equivalents	3,030,458	3,030,458
	7,808,260	7,808,260
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade payables	(895,636)	(895,636)
Other payables and accruals	(503,062)	(503,062)
Amounts due to a related company	(115,255)	(115,255)
Finance lease liabilities	(2,587,161)	(2,587,161)
Loans and borrowings	(3,039,123)	(3,039,123)
	(7,140,237)	(7,140,237)

Reclassification from loans and receivables to amortised cost

Trade receivables, other receivables and deposits, fixed deposits with licensed banks and cash and cash equivalents that were classified as loans and receivables under MFRS 139 are now classified at amortised cost.

26.3 Accounting for revenue

In the adoption of MFRS 15, the Company has adopted the practical expedients as permitted by the standard. For completed contracts, the Company does not restate contracts that begin and end within the same annual reporting period and for comparatives, the Company does not disclose the amount of consideration allocated to the remaining performance obligations and an explanation of when the Company expects to recognise.

26. Significant changes in accounting policies (continued)

26.3 Accounting for revenue (continued)

The application of the practical expedients does not have material impact to the Company.

The following is the change in revenue recognition from the adoption of MFRS 15:

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
Processing and enhancement of materials provided by customers	Revenue is recognised at the point in time when the goods are delivered and accepted by the customers at their premises.	Revenue is recognised overtime as costs are incurred. The Company's performance enhances the assets that the customer controls as the asset is enhanced.

27. Comparative figures

The statements of financial position, statements of profit or loss and other comprehensive income and statements of cash flows have been reclassified to conform to the current period's presentation.

The six months comparatives for the statements of profit or loss and other comprehensive income, cash flows and their related explanatory information for the six months period ended 31 December 2017 have not been audited.

28. Subsequent events

Subsequent to the period ended 31 December 2018, MMIS Sdn. Bhd. ("MMIS") was incorporated on 22 February 2019 under the Companies Act 2016 as a private limited company and on 29 April 2019, MMIS was converted into a public company limited by shares and adopted the name MMIS Berhad. For the purpose of the Proposed Listing, MMIS Berhad intends to acquire the entire equity interest in the Company for a total consideration of RM10,000,000, which will be satisfied in full by the allotment and issuance of 449,999,900 new ordinary shares in MMIS Berhad subsequent to the date of this report.

Furthermore, on 25 March 2019, the Company had issued 1,000,000 irredeemable convertible preference shares ("ICPS") at an issue price of RM1.00 per ICPS. The ICPS was then converted into share capital on 22 April 2019.

KPMG

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Kawasan Perindustrian Batu Gajah Perdana
31000 Batu Gajah
Perak Darul Ridzuan

30 April 2019

Dear Sirs,

Report on the audit of the financial statements of Multi Mould Industries Sdn. Bhd.

Opinion

We have audited the financial statements of Multi Mould Industries Sdn. Bhd. (the "Company"), which comprise the statements of financial position as at 31 December 2018, 30 June 2018 and 30 June 2017 of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the six months period ended 31 December 2018 and financial years ended 30 June 2018 and 30 June 2017, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 1 to 55. The historical financial statements of the Company have been prepared for inclusion in the information memorandum of MMIS Berhad in connection with the proposed listing of and quotation for the issued share capital of MMIS Berhad on the Leading Entrepreneur Accelerator Platform ("LEAP") Market of Bursa Malaysia Securities Berhad.

In our opinion, the financial statements gives a true and fair view of the financial position of the Company as of 31 December 2018, 30 June 2018 and 30 June 2017, and of their financial performance and their cash flows for the six months period ended 31 December 2018 and financial years ended 30 June 2018 and 30 June 2017 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Directors of the Company for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company.

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

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 controls that we identify during our audit.

Other Matters

(i) In accordance with paragraph 10.05 of Chapter 10, Part II Division I: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("SC"), we also report that the significant subsequent events identified by the Company since 31 December 2018 to the date of this report are as disclosed in Note 28 to the financial statements.

(ii) The comparatives for the statements of profit or loss and other comprehensive income, cash flows and their related explanatory information for the six months period ended 31 December 2017 have not been audited.

Restriction on distribution and use

This report has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the SC and for inclusion in the information memorandum of MMIS Berhad in connection with the proposed listing of and quotation for the issued share capital of MMIS Berhad on the Leading Entrepreneur Accelerator Platform ("LEAP") Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

KPMG PLT	**CHEW BENG HONG**
(LLP0010081-LCA & AF 0758)	Approval Number: 02920/02/2020 J
Chartered Accountants	Chartered Accountant

Ipoh

MMIS BERHAD
(formerly known as MMIS Sdn Bhd)
(Company No. 1315395-W)
(Incorporated in Malaysia under the Companies Act, 2016)