www.supergenic.com.my

SUPERGENICS BERHAD
Company No. 201601043153 (1214095-X)
No. 57, Jalan Bulan U5/171, Subang 2, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.
Tel: +603 5882 1210

SUPERGENICS BERHAD

Information Memorandum

FOR RESTRICTED CIRCULATION ONLY

SUPERGENICS BERHAD

(formerly known as Supergenics Sdn Bhd and Supergenics Holdings Sdn Bhd)
(Company No. 201601043153 (1214095-X))
(Incorporated in Malaysia under the Companies Act, 2016)

PROPOSED EXCLUDED ISSUE OF 25,000,000 NEW ORDINARY SHARES IN SUPERGENICS BERHAD WITHIN THE MEANINGS OF SECTION 230 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 AT AN ISSUE PRICE OF RM0.20 PER SHARE TO SOPHISTICATED INVESTORS IN CONJUNCTION WITH THE PROPOSED LISTING OF SUPERGENICS BERHAD ON THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Information Memorandum

APPROVED ADVISER, PLACEMENT AGENT, CUSTODIAN AND CONTINUING ADVISER

think@

THINKAT ADVISORY SDN BHD
(Company No. 201701005337(1219502-A))

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED COMPARED TO OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES"). IT IS A QUALIFIED MARKET INTENDED FOR SOPHISTICATED INVESTORS (AS DEFINED HEREIN). 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 AND IF APPROPRIATE, CONSULTATION WITH THEIR STOCKBROKER, MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.

THIS INFORMATION MEMORANDUM IS DATED 13 NOVEMBER 2019

IMPORTANT NOTICE

NO PERSON IS AUTHORISED IN CONNECTION WITH OUR 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 SUPERGENICS BERHAD (FORMERLY KNOWN AS SUPERGENICS SDN BHD AND SUPERGENICS HOLDINGS SDN BHD) ("**SUPERGENICS**" OR "**COMPANY**") OR THINKAT ADVISORY SDN BHD ("**THINKAT ADVISORY**") AS OUR APPROVED ADVISER, PLACEMENT AGENT, CUSTODIAN AND CONTINUING ADVISER. THE DELIVERY OF THIS INFORMATION MEMORANDUM SHALL NOT, UNDER ANY CIRCUMSTANCES, IMPLY OR CONSTITUTE A REPRESENTATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OR FINANCIAL POSITION OF OUR COMPANY AND/OR SUBSIDIARIES SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

THE PURPOSE OF THIS INFORMATION MEMORANDUM IS TO PROVIDE INFORMATION ON THE BUSINESS AND AFFAIRS OF OUR COMPANY AND SUBSIDIARIES (COLLECTIVELY "**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 OF OUR SHARES, 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**").

THIS INFORMATION MEMORANDUM, IF FURNISHED TO YOU, IS STRICTLY FOR YOUR OWN USE AND IS NOT TO BE CIRCULATED TO ANY OTHER PARTY. INFORMATION IN THIS DOCUMENT IS SUBJECT TO CHANGE FROM TIME TO TIME AS WE AND/OR THINKAT ADVISORY SHALL DEEM FIT.

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

RESPONSIBILITY STATEMENTS

OUR BOARD OF DIRECTORS, HAVING MADE ALL REASONABLE ENQUIRIES, ACCEPTS RESPONSIBILITY FOR, AND CONFIRMS THAT THIS INFORMATION MEMORANDUM CONTAINS ALL RELEVANT INFORMATION WITH REGARDS TO OUR GROUP WHICH IS MATERIAL IN THE CONTEXT OF OUR 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, THAT THE OPINIONS AND INTENTIONS OF OUR GROUP EXPRESSED HEREIN ARE HONESTLY HELD, AND THAT THERE ARE NO OTHER FACTS OR OMISSION, WHICH WOULD, IN THE CONTEXT OUR EXCLUDED ISSUE AND PROPOSED LISTING, MAKE THIS INFORMATION MEMORANDUM AS A WHOLE OR ANY INFORMATION HEREIN OR EXPRESSION OF ANY SUCH OPINIONS OR INTENTIONS FALSE OR MISLEADING IN ANY MATERIAL RESPECTS.

THINKAT ADVISORY, BEING THE APPROVED ADVISER, PLACEMENT AGENT, CUSTODIAN AND CONTINUING ADVISER, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS INFORMATION MEMORANDUM CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING OUR EXCLUDED ISSUE AND PROPOSED LISTING.

STATEMENT OF DISCLAIMER

THIS INFORMATION MEMORANDUM HAS BEEN DRAWN UP IN ACCORDANCE WITH THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES ("**LISTING REQUIREMENTS**") FOR OUR PROPOSED LISTING.

THIS INFORMATION MEMORANDUM HAS BEEN PREPARED UNDER THE LAWS OF MALAYSIA. IT DOES NOT COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR BY ANY REGULATORY AUTHORITY OF ANY JURISDICTION OTHER THAN MALAYSIA.

A COPY OF THIS INFORMATION MEMORANDUM HAS BEEN DEPOSITED WITH THE SECURITIES COMMISSION ("**SC**").

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. THE SC AND BURSA SECURITIES DO NOT MAKE ANY ASSESSMENT ON THE SUITABILITY, VIABILITY OR PROSPECTS OF OUR GROUP. EXISTING SECURITIES HOLDERS ("**HOLDERS**") AND SOPHISTICATED INVESTORS (AS DEFINED HEREIN) ARE EXPECTED TO MAKE THEIR OWN ASSESSMENT ON OUR GROUP OR SEEK APPROPRIATE ADVICE BEFORE MAKING THEIR INVESTMENT DECISIONS IN OUR COMPANY. THINKAT ADVISORY, AS OUR APPROVED ADVISER, HAS ASSESSED THE SUITABILITY OF OUR COMPANY FOR ADMISSION TO THE LEAP MARKET OF BURSA SECURITIES AS REQUIRED UNDER RULE 4.10 OF THE LISTING REQUIREMENTS.

AN APPLICATION HAS BEEN MADE TO BURSA SECURITIES FOR THE ADMISSION OF OUR COMPANY AND THE PROPOSED LISTING OF AND QUOTATION FOR THE ENTIRE ISSUED SHARE CAPITAL OF OUR COMPANY ON THE LEAP MARKET OF BURSA SECURITIES. APPROVAL FROM BURSA SECURITIES OF THE SAME IS NOT AN INDICATION OF THE MERITS OF OUR PROPOSED LISTING, OUR COMPANY AND OUR SHARES. THIS INFORMATION MEMORANDUM CAN BE VIEWED OR DOWNLOADED FROM THE WEBSITE OF BURSA SECURITIES AT www.bursamalaysia.com.

THERE ARE CERTAIN RISK FACTORS WHICH SOPHISTICATED INVESTORS AND HOLDERS SHOULD CONSIDER. PLEASE REFER TO THE "RISK FACTORS" AS SET OUT IN SECTION 5 OF THIS INFORMATION MEMORANDUM.

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

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

OUR EXCLUDED ISSUE IS SUBJECT TO THE RECEIPT OF APPROVAL-IN-PRINCIPLE FOR OUR PROPOSED LISTING FROM BURSA SECURITIES, WHO MAKES NO ASSESSMENT ON THE SUITABILITY, VIABILITY OR PROSPECTS OF OUR GROUP OR THE MERITS OF INVESTING IN THE SHARES IN OUR COMPANY ("**SHARES**").

MODE OF COMMUNICATION

In accordance with our Constitution, we may send notices and documents to our Holders and Sophisticated Investors by electronic means to the registered electronic mail address of our Holders and Sophisticated Investors which were last maintained with either our Company Secretary or Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**"), as the case may be. Our Holders and Sophisticated Investors have the right to request for a hard copy of such 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 and Sophisticated Investors, as soon as reasonably practicable after the receipt of the request, free of charge by ordinary mail to the registered Malaysian address of the Holders' and Sophisticated Investors' 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 and Sophisticated Investors. In such event, we will separately and immediately notify our Holders and Sophisticated Investors through the following by way of any of the following:

(i) ordinary mail;
(ii) electronic means to the Holders' and Sophisticated Investors' registered email address;
(iii) advertisements in an English daily newspaper in Malaysia; and/or
(iv) announcements on Bursa Securities.

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TERMS AND CONDITIONS BINDING ALL RECIPIENTS

By accepting this confidential 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 Thinkat Advisory as our Approved Adviser, Placement Agent, Custodian and Continuing Adviser. The distribution of this Information Memorandum shall be in paper/ printed copy and/or electronic copy upon request by interested investors who are recipients of this Information Memorandum ("**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, has been provided by us or on our behalf. It is being furnished solely for use by a limited number of prospective Sophisticated Investors (as defined herein) 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 Thinkat Advisory to undertake the Proposed Investment or as a commitment on our part to accept your Proposed Investment.

3. We and Thinkat Advisory 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 Thinkat Advisory 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 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 Thinkat Advisory each reserve the right to negotiate with one or more prospective Sophisticated Investors at any time. Subject to the Applicable Laws, we and Thinkat Advisory 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 Thinkat Advisory. Thinkat Advisory 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 our 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 be responsible for the payment of any tax or other requisite payment due in such jurisdiction, and we and Thinkat Advisory shall be entitled to be fully indemnified by such Recipients for any tax or payment as the Recipients may be required to pay. We and Thinkat Advisory shall not accept any responsibility or liability in the event that any action taken by any recipient in any jurisdiction outside Malaysia or it shall become illegal, unenforceable, voidable or void in such jurisdiction for subscription of our Shares.

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 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 our related corporations or our advisers 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 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: **Supergenics Berhad**
(formerly known as Supergenics Sdn Bhd and Supergenics Holdings Sdn Bhd)
c/o VP Corporate Services Sdn Bhd
D-31-01, Menara Suezcap 1
Gerbang Kerinchi Lestari
No. 2, Jalan Kerinchi
59200 Kuala Lumpur

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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DEFINITIONS

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

Acquisitions	:	Collectively, the SSSB Acquisition and SLSSB Acquisition
Act	:	Companies Act 2016
Board	:	Board of Directors of Supergenics
Bursa Securities	:	Bursa Malaysia Securities Berhad
CAGR	:	Compounded annual growth rate
CMSA	:	Capital Markets and Services Act 2007
Constitution	:	Constitution of Supergenics
Director(s)	:	Member(s) of our Board
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
EPS	:	Earnings per Share
Excluded Issue	:	Excluded issue of 25,000,000 Issue Shares within the meanings of Section 230 of the CMSA to Sophisticated Investors at the Issue Price
FPE	:	5-month financial period ended 31 May
FYE	:	Financial year(s) ended/ ending 31 December
GP	:	Gross profit
Government	:	Government of Malaysia
Hope Stemcell	:	Hope Stemcell Sdn Bhd
IMR Report	:	Independent Market Research Report dated 31 October 2019 prepared by Infobusiness
Infobusiness	:	Infobusiness Research & Consulting Sdn Bhd, our Independent Market Researcher
Information Memorandum	:	This Information Memorandum dated 13 November 2019 in relation to our Excluded Issue and Proposed Listing
Issue Price	:	RM0.20 per Issue Share, the price at which each Issue Share is to be issued
Issue Shares	:	New Shares to be issued pursuant to the Excluded Issue
LEAP Market	:	Leading Entrepreneur Accelerator Platform (LEAP) Market of Bursa Securities
Listing Requirements	:	LEAP Market Listing Requirements of Bursa Securities
LPD	:	31 October 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

NA	:	Net assets
NBV	:	Net book value
Official List	:	The list specifying all securities listed on Bursa Securities
PAT	:	Profit after tax
PBT	:	Profit before tax
Period under Review	:	FYE 2017, FYE 2018, FPE 2018 and FPE 2019 collectively
Promoters	:	Collectively, Tan Bii Chau and Tan Pin Yuan
Proposed Listing	:	Proposed listing of and quotation for our entire enlarged share capital comprising 93,000,000 Shares on the LEAP Market
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)
RM and **sen**	:	Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
SC	:	Securities Commission Malaysia
SLSSB	:	Supergenics Life Science Sdn Bhd
SLSSB Acquisition	:	The acquisition of 100 ordinary shares in SLSSB, representing 100% equity interest, by Supergenics for a total purchase consideration of RM100 which was satisfied via the issuance of 4,000 new Shares at an issue price of RM0.025 per Share which was completed on 25 June 2019
SSSB	:	Supergenics Solutions Sdn Bhd
SSSB Acquisition	:	The acquisition of 250,000 ordinary shares in SSSB, representing 100% equity interest, by Supergenics for a total purchase consideration of RM1,699,898 which was satisfied via the issuance of 67,995,900 new Shares at an issue price of RM0.025 per Share which was completed on 8 November 2019
Supergenics or our **Company**	:	Supergenics Berhad (*formerly known as Supergenics Sdn Bhd and Supergenics Holdings Sdn Bhd*)
Supergenics Group or **Group**	:	Collectively, Supergenics and our Subsidiaries
Supergenics Shares or **Shares**	:	Ordinary shares in Supergenics
Sophisticated Investors	:	Investors who fall within Part I of Schedules 6 or 7 of the CMSA
Subsidiaries	:	Collectively, SSSB and SLSSB
Thinkat Advisory	:	Thinkat Advisory Sdn Bhd, our Approved Adviser, Placement Agent, Custodian and Continuing Adviser for the Excluded Issue and Proposed Listing

GLOSSARY OF TECHNICAL TERMS

This glossary contains an explanation of certain terms used throughout this Information Memorandum in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms.

AAALAC	:	Association for Assessment and Accreditation of Laboratory Animal Care
ACTD	:	The Common Technical Dossier for the registration of pharmaceutical products for human use by the Association of Southeast Asian Nations
AHU	:	Air handling unit, a device used to regulate and circulate air as part of a HVAC system
Assisted reproductive treatments	:	Covering a wide spectrum of treatments, it is a medical procedure used to assist women in achieving pregnancies
ARTEC	:	Assisted Reproductive Technologies Ethics Committee of Australia which advises the Australian Health Ethics Committee
Cellular & Gene Therapy Products	:	Cellular and gene therapy products enforced by the Centre for Biologics Evaluation and Research under the FDA
cGMP	:	Current Good Manufacturing Practices enforced by the FDA
cGTP	:	Current Good Tissue Practices enforced by the NPRA
CKAPS	:	Cawangan Kawalan Amalan Perubatan Swasta or Private Medical Practice Control Section of the Ministry of Health, Malaysia
Cleanrooms	:	An enclosed area of a facility in which the concentration of airborne pollutants such as dust, airborne microbes (e.g. bacteria and viruses), VOCs and chemical vapours are controlled to specific limits
FDA	:	Food and Drug Administration, a federal agency of the United States Department of Health and Human Services
GMP	:	Good Manufacturing Practices, a widely accepted system for ensuring that products are consistently produced and controlled to quality standards
HVAC	:	Heating, ventilation and air-conditioning
ISO	:	International Organisation for Standardisation
ISO 14644	:	Standards in relation to airborne particulate cleanliness classes in cleanrooms and clean zones overseen by the ISO
ISO 14698	:	Standards in relation to biocontamination control for cleanrooms overseen by the ISO
IVF	:	In vitro fertilisation, a type of assisted reproductive treatment or medical procedure in which eggs (ova) from a woman's ovary are removed, fertilised with sperm in a laboratory procedure, and then the fertilised egg (embryo) is returned to the woman's uterus

GLOSSARY OF TECHNICAL TERMS (*cont'd*)

NEBB	:	The National Environmental Balancing Bureau is an international association certifying firms and qualifying supervisors and technicians in the following disciplines: Testing, Adjusting, and Balancing of HVAC systems; Building Systems Commissioning; Sound and Vibration Measurement; Retro-commissioning; Fumehood Testing and Cleanroom Performance Testing
NEBB Procedural Standards	:	Comprehensive procedural standards for the systematic development and implementation of building plans in line with the disciplines of the NEBB
NPRA	:	National Pharmaceutical Regulatory Agency of the Ministry of Health, Malaysia and a member pharmaceutical inspection authority of PIC/s
PIC/s	:	Collectively, the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme. The PIC/s are 2 international instruments which comprise of member pharmaceutical inspection authorities of participating countries which provide guidance on cGMP matters
SGLMS	:	Supergenics' Laboratory Monitoring and Control System, an in-house developed proprietary system embedded with artificial intelligence and controlled with proprietary firmware and software, which allows users to control, maintain and monitor indoor air quality and performance of cleanrooms
VOC	:	Volatile organic compounds are organic chemicals that have a high vapour pressure at ordinary room temperature. VOCs can be either human made or naturally occurring chemical compounds and can be found in many sources such as household air fresheners, aerosol spray cans, cleaners and disinfectants Some VOCs are harmful to human health and the environment, causing eye, nose and throat irritation, headaches, nausea and can also damage the liver, kidney and central nervous system

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EXCLUDED ISSUE SUMMARY

Summary of the Excluded Issue

	No. of Shares	RM
Existing issued share capital as at 8 November 2019	68,000,000	1,700,098
Issue Shares	25,000,000	5,000,000
Enlarged issued share capital upon the Proposed Listing	**93,000,000**	**6,700,098**
Percentage of the enlarged issued share capital represented by the Issue Shares		26.9%
Issue Price		0.20
Gross proceeds to be raised pursuant to the Excluded Issue		5,000,000
Market capitalisation upon the Proposed Listing		18,600,000

Summary of the proposed utilisation of proceeds

Based on the Issue Price, the estimated gross proceeds to be raised from the Excluded Issue of RM5.0 million shall accrue entirely to us and are planned to be utilised within 18 months from the date of the Proposed Listing in the following manner:

No.	Utilisation of proceeds	Estimated timeframe for utilisation	RM'000	%
(i)	Working capital	12 months	2,000	40.0
(ii)	Development of a showcase cleanroom	18 months	1,000	20.0
(iii)	Enhancement and development of SGLMS	12 months	1,000	20.0
(iv)	Estimated listing expenses	Immediate	1,000	20.0
	Total		**5,000**	**100.0**

Further details of the utilisation of proceeds of our Excluded Issue are set out in Section 2.1.4 of this Information Memorandum.

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INDICATIVE TIMETABLE OF PRINCIPAL EVENTS

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

Date of Information Memorandum	13 November 2019
Allotment of Issue Shares	*Mid December 2019
Listing of our Company on the LEAP Market	*Mid December 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-principle for our Proposed Listing.*

These dates are indicative and are subject to changes which may be necessary to facilitate the implementation procedures. Our Directors and Promoters may, in their absolute discretion, decide to extend the dates for allotment of the Issue Shares and our Proposed Listing on the LEAP Market of Bursa Securities. We will inform you in writing of any changes to these dates.

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PRESENTATION OF INFORMATION

All references to “our Company” in this Information Memorandum are to Supergenics Berhad (*formerly known as Supergenics Sdn Bhd and Supergenics Holdings Sdn Bhd*), while references to “our Group” are to our Company and our subsidiaries. References to “we”, “us”, “our” and “ourselves” are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to “Management” are to our Executive 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.

Words denoting the singular shall, where applicable, include the plural and *vice versa*, and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Reference to persons shall include companies and corporations.

Any reference to provisions of statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactments to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

Any reference to dates and times shall be a reference to dates and times in Malaysia.

Any discrepancies in the tables between the amounts listed and the totals in this Information Memorandum are due to rounding.

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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, amongst others, those regarding our expected financial position, business strategies, plans, prospects and objectives of our Management for future operations. These statements can be identified by forward-looking terminology terms as “anticipate”, “believe”, “could”, “estimate”, “expect”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will” and “would” or similar words. These forward-looking statements, including but not limited to statements as to our Group’s revenue and profitability, prospects, future plans, expected industry trends and other matters discussed in this Information Memorandum regarding matters that are not historic facts, are only predictions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors beyond our control that could cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, amongst others:

- changes in the political, social and economic conditions and the regulatory environment in Malaysia; and

- our future capital needs and the availability of financing and capital to fund such needs.

Some of these factors are discussed in more detail in Section 5 - Risk Factors of this Information Memorandum.

These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. As such, we cannot assure you that the forward-looking statements in this 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 responsibility to update any of these forward-looking statements or publicly announce any revisions to these forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in thefuture.

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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1. CORPORATE DIRECTORY

Board of Directors	:	Tan Bii Chau *Group Managing Director* Tan Pin Yuan *Executive Director* Ng Fun Kim *Independent Non-Executive Director*
Registered Office	:	D-31-01, Menara Suezcap 1 Gerbang Kerinchi Lestari No. 2, Jalan Kerinchi 59200 Kuala Lumpur Tel. No.: +603-2771 1571/1572
Head Office	:	No. 57, Jalan Bulan U5/171 Subang 2, Seksyen U5 40150 Shah Alam Selangor Darul Ehsan Tel. No.: +603-5882 1210 Website: www.supergenic.com.my Email: admin@supergenic.com.my
Company Secretaries	:	Ramnath A/L R.Sundaram (MIA 34590) No. 35, Jalan Anak Gasing 6/5 46000 Petaling Jaya Selangor Darul Ehsan Rafidah binti Ibrahim (LS 0005649) No. 0.03, Block F Pinggiran Batu Caves 68100 Batu Caves Selangor Darul Ehsan Tel. No.: +603-2771 1571/1572
Approved Adviser, Placement Agent, Custodian and Continuing Adviser	:	Thinkat Advisory Sdn Bhd C-2-4, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel. No.: +603-6211 8812 Fax No.: +603-6211 8824
Auditors and Reporting Accountants	:	Morison Anuarul Azizan Chew (AF 001977) 18, Jalan Pinggir 1/64 Jalan Kolam Air Off Jalan Sultan Azlan Shah 51200 Kuala Lumpur Tel. No.: +603-4048 2888 Fax No.: +603-4048 2999

1. CORPORATE DIRECTORY (*cont'd*)

Legal Adviser for the Proposed Listing	:	Wei Ling Chambers Penthouse, Level 27, Centrepoint South Mid Valley, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel. No.: +603-2096 9655
Independent Market Researcher	:	Infobusiness Research & Consulting Sdn Bhd C4-3A-2, Solaris Dutamas No. 1, Jalan Dutamas 1 50480 Kuala Lumpur Tel. No.: +603-6025 3930 Fax No.: +603-6025 3927
Share Registrar	:	ShareWorks Sdn Bhd No. 2-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur Tel. No.: +603-6201 1120 Fax No.: +603-6201 3121
Principal Bankers	:	AmBank (M) Berhad Level 33, Menara AmBank No. 8, Jalan Yap Kwan Seng 50450 Kuala Lumpur Tel. No.: +603-2167 3000 Fax No.: +603-2780 0020 CIMB Islamic Bank Berhad 43-G, Jalan PJU 5/20 Pusat Perdagangan Kota Damansara Kota Damansara PJU 5 47810 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603-6204 7788 Fax No.: +603-6142 7079 Hong Leong Islamic Bank Berhad No. 26 & 27, Jalan Kenari 1 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel. No.: +603-5882 7100 Fax No.: +603-5882 7116
Listing Sought	:	LEAP Market of Bursa Securities

2. DETAILS OF OUR PROPOSED LISTING

2.1 Listing Scheme

The Proposed Listing is subject to the receipt of approval-in-principle from Bursa Securities. We have made an application to Bursa Securities for the admission of our Company to the Official List and the listing of and quotation for our entire enlarged issued share capital of RM6,700,098 comprising 93,000,000 Shares on the LEAP Market and pending Bursa Securities' decision for the same.

2.1.1 Excluded Issue

Pursuant to the Proposed Listing, we intend to issue 25,000,000 Issue Shares, representing 26.9% of our enlarged issued share capital at RM0.20 per Issue Share to Sophisticated Investors, raising gross proceeds of RM5.0 million.

In accordance with the Listing Requirements:

(i) Supergenics undertakes 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 the Issue Shares will be deposited therein. The Trust Account will be jointly operated by Supergenics and Thinkat Advisory;

(ii) Supergenics and Thinkat Advisory undertake that all monies deposited in the Trust Account will not be withdrawn until the date of listing of our Shares on the LEAP Market; and

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

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

  (b) the Proposed Listing is aborted by Supergenics.

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

2.1.2 Share Capital

	No. of Shares	RM
Existing issued share capital as at 8 November 2019	68,000,000	1,700,098
Issue Shares	25,000,000	5,000,000
Enlarged issued share capital upon the Proposed Listing	**93,000,000**	**6,700,098**
Percentage of enlarged share capital represented by the Issue Shares		26.9%
Issue Price		0.20
Gross proceeds to be raised pursuant to the Excluded Issue		5,000,000
Market capitalisation upon the Proposed Listing		18,600,000

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

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 one (1) or more 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 (1) vote for each Share held.

2.1.3 Basis of Arriving at the Issue Price

Our Board, together with Thinkat Advisory, determined and agreed on the Issue Price of RM0.20 per Share after taking into consideration the following factors:

(a) our competitive strengths as set out in Section 4.3 of this Information Memorandum;

(b) our business strategies and future plans and prospects as set out in Sections 4.14 and 4.15 of this Information Memorandum; and

(c) our financial history and performance as set out in Sections 7 and 8 of this Information Memorandum. The Issue Price represents an implied price-earnings multiple of approximately 12.5 times based on our EPS of approximately 1.6 sen derived from the combined audited PAT of approximately RM1.5 million for the FYE 31 December 2018.

Prior to the Proposed Listing, there has been no public market for our Shares within or outside Malaysia. You should note that the market price of our Shares subsequent to the 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 5 of this Information Memorandum and form your own views on the valuation of our Shares before deciding to invest in them.

2.1.4 Utilisation of Proceeds

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

Note	Utilisation of proceeds	Estimated timeframe for utilisation	RM'000	%
(i)	Working capital	12 months	2,000	40.0
(ii)	Development of a showcase cleanroom	18 months	1,000	20.0
(iii)	Enhancement and development of SGLMS	12 months	1,000	20.0
(iv)	Estimated listing expenses	Immediate	1,000	20.0
Total			**5,000**	**100.0**

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

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

(i) Working Capital

In tandem with our future plans, RM2.0 million will be allocated for working capital. As our Group intends to undertake more projects in the Klang Valley and throughout Malaysia, we will require additional working capital for these new projects to be utilised for the purchase of materials, new hires, staff training and engaging sub-contractors.

(ii) Development of a showcase cleanroom

On 23 July 2019, SSSB was awarded a RM6.7 million contract by Hope Stemcell for the development of a cleanroom located in Subang Jaya, Selangor to be owned and operated as a stem cell laboratory by Hope Stemcell. We will allocate RM1.0 million of the proceeds raised to partially cover our cost of development of the said cleanroom. This allocation will be spent on materials and payments to sub-contractors for the development of the facility.

SLSSB has been given a 12% equity stake in Hope Stemcell and granted naming rights to the cleanroom which we will use as a showcase cleanroom to our potential customers. We will not be involved in the day-to-day operations of the cleanroom as our responsibility will only be limited to development and maintenance.

Please refer to Section 4.14 of this Information Memorandum for further details on our future plans for the showcase cleanroom. Please also refer to Section 4.6 of this Information Memorandum for further details on our sales and marketing strategies involving the showcase cleanroom.

In the event the expenditure for the development of the showcase cleanroom is less than the allocated amount, the unused portion will be redirected for working capital purposes. Conversely, should our portion of the expenditure for the development of the showcase cleanroom exceed the allocated amount, the shortfall will be funded via internally generated funds and/or bank borrowings.

(iii) Enhancement and development of SGLMS

RM1.0 million of the proceeds raised has been earmarked for the further enhancement and development of our existing SGLMS. This is to expand the parameters of data monitored by the SGLMS so that the cleanroom installed with SGLMS is able to comply with an increased number of certifications and standards. We intend to hire at least three (3) new software developers and system engineers as well as the purchase of hardware to be used for the development of SGLMS.

Please refer to Section 4.10 of this Information Memorandum for further details on our future plans for the development of the SGLMS.

(iv) Estimated listing expenses

The proceeds allocated for our listing expenses include professional fees, fees payable to the relevant authorities and other miscellaneous expenses in relation to our Excluded Issue and Proposed Listing as tabulated below:

Estimated listing expenses	RM'000
Professional fees (includes Approved Adviser, Legal Adviser, Reporting Accountants and Independent Market Researcher)	661
Placement fee for the Excluded Issue	150
Regulatory fees (includes processing fee, initial listing fee and lodgement fee)	15
Miscellaneous (printing, travelling expenses etc.)	174
Total	**1,000**

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

2.1.5 Purpose of the Proposed Listing

The purpose of the Proposed Listing is to:

(i) enable us to tap the capital markets to fund the expansion of our operations;

(ii) enhance the corporate profile of our Group locally and internationally;

(iii) provide Sophisticated Investors with an opportunity to participate in the equity of our Company;

(iv) establish liquidity for our Shares; and

(v) provide our Group with an option to remunerate employees and promote staff retention via employee share option schemes.

2.2 Shareholding Structure

Our shareholding structure before and after the Proposed Listing is as set out below:

	Before the Proposed Listing		After the Proposed Listing	
Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Promoters, Directors, substantial shareholders and persons connected to the Promoters, Directors and substantial shareholders	68,000,000	100.0	68,000,000	73.1
New Public shareholders	-	-	25,000,000	26.9
Total	**68,000,000**	**100.0**	**93,000,000**	**100.0**

2.3 Moratorium

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

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

(ii) upon expiry of the twelve (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 a further period of 36 months.

The moratorium shall be imposed according to the following:

	Shares under moratorium for the first 12 months upon the Proposed Listing		**Shares under moratorium for the subsequent 36 months**	
Promoters	**No. of Shares**	***%**	**No. of Shares**	***%**
Tan Bii Chau	47,600,390	51.2	29,295,000	31.5
Tan Pin Yuan	20,399,610	21.9	12,555,000	13.5
Total	**68,000,000**	**73.1**	**41,850,000**	**45.0**

* *Based on the enlarged share capital of 93,000,000 Shares after the Excluded Issue.*

The moratorium, which is fully accepted by our Promoters, is specifically endorsed on the 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.

2.4 Dividend Policy

We may declare dividends by ordinary resolution to be approved by our shareholders at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. Our Board may also declare an interim dividend without the approval of our shareholders. In making recommendations for dividends for approval by our shareholders, our Board will consider various factors, amongst others, our financial performance, retained earnings, expected future earnings, operations, cash flow, capital requirements, general business and financing conditions, availability of distributable reserves as well as other factors which our Board may determine appropriate.

We currently do not have a fixed dividend policy. After the Proposed Listing, our Board intends to adopt a stable and sustainable dividend policy to reward our shareholders for participating in our Group's growth, while maintaining an optimal capital structure and ensuring sufficient funds for our future growth. As we are an investment holding company, our income and therefore, our ability to pay dividends depends on the dividends we receive from our Subsidiaries. The payment of dividends by our Subsidiaries will in turn depend on their distributable profits, financial performance, financial condition and capital expenditure plans.

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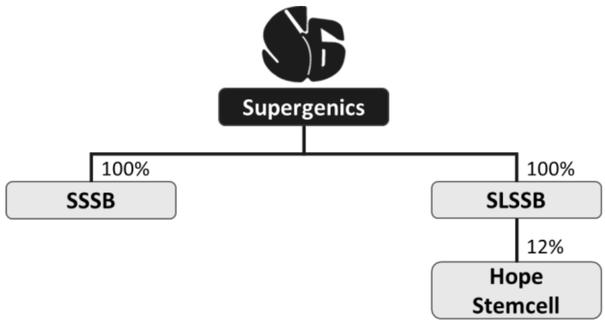
3. OVERVIEW OF OUR GROUP

3.1 Incorporation and History

We were incorporated in Malaysia under the Act as a private limited company on 30 December 2016 under the name of Supergenics Holdings Sdn Bhd. On 14 March 2019, our Company changed its name to Supergenics Sdn Bhd and on 9 May 2019, converted into a public limited company.

Our Company is principally an investment holding company, whilst our subsidiaries are principally involved in the provision of integrated turnkey solutions for the development of cleanrooms and the provision of management services for cleanrooms. The solutions provided generally comprises of facility planning, designing, supplying, construction, equipment installation, testing, verification and validation, as well as the control, maintenance and monitoring of cleanrooms in order to create an indoor environment suitable for activities which require certain air quality standards to be maintained.

Our Group's structure as at 8 November 2019 is as follows:



Our history can be traced back to 1982 when SSSB, then known as Pembinaan Chin Yit Sdn Bhd, was founded with its principal business activities in construction and trading of building materials. In 1996, SSSB expanded its product offering to provide electrical engineering services for residential, commercial and industrial use. In 2003, SSSB switched its focus to the business of provision of web-based and remote monitoring and wireless control systems for buildings. Throughout the history of SSSB, the company had gone through numerous name changes, the details of which are disclosed in Section 3.3.2 below.

In 2004, SSSB assumed its present name and was involved in the business of renovation work, HVAC systems, mechanical and electrical works for residential, commercial and industrial properties with some cleanroom construction work. In 2008, we were awarded our first major cleanroom construction project where SSSB acted as the main contractor for the installation of HVAC systems in a cleanroom.

In 2010, our Promoters decided to shift the business focus of SSSB to the development of cleanrooms, mainly focusing on cleanrooms used in the life science industry. Leveraging on the engineering experience and technical expertise of our Promoters and their foresight in anticipating the demand for cleanroom development services within the life science industry, we have been able to make inroads in this niche industry. Further thereto, through the initiative of the Promoters, SSSB was able to develop our own digital monitor used in the monitoring of controlled indoor environmental chambers and the effectiveness of other indoor air quality related products. By the end of the year, SSSB succeeded in further developing the digital monitor into a proprietary laboratory control and monitoring system, namely the SGLMS, which allows users to control, maintain and monitor indoor air quality and performance remotely. In 2010, SSSB was awarded its first turnkey contract for the development of a cleanroom used as a research laboratory.

In 2017, our Promoters realised that several customers were facing difficulties in obtaining the necessary approvals and certifications from the respective regulatory authorities and certification bodies to operate their cleanrooms. SSSB then expanded its services to include the overall planning, design and validation of cleanrooms used in life science facilities. With this, SSSB was able to provide integrated turnkey solutions for the development of cleanrooms.

Also in 2017, SSSB was awarded with its first cleanroom management contract where it services equipment and carries out preventive maintenance in an IVF centre. From this contract, our Promoters recognised the potential of the provision of management services for cleanrooms as a supplementary and recurring revenue stream for our Group. As such, in 2019, SLSSB was incorporated to provide management services for cleanrooms.

As part of our future plans to develop and own a showcase cleanroom, in 2019, SLSSB has been given a 12% equity stake in Hope Stemcell without consideration. As mentioned in Section 2.1.4 of this Information Memorandum, we have set aside RM1.0 million for the cost of development of our showcase cleanroom which will be owned and operated as a stem cell laboratory by Hope Stemcell. In addition to the abovementioned equity stake, SLSSB has also been granted naming rights to the showcase cleanroom. However, SLSSB will not be involved in the day-to-day operations of the centre and will only be responsible for its development and maintenance.

In order to facilitate the Proposed Listing, we had on 8 November 2019 and 25 June 2019 respectively, completed the Acquisitions of the entire equity interest in SSSB and SLSSB from our Promoters for an aggregate purchase consideration of RM1,699,998 which was satisfied via the issuance of 67,999,900 new Shares at an issue price of RM0.025 per Share.

Please refer to the ensuing sections of this Information Memorandum for further details of our key milestones and companies within our Group.

3.2 Key Achievements and Milestones

The table below sets out our key achievements and milestones since our establishment:

Year	Key Achievements and Milestones
1982	SSSB was incorporated, then known as Pembinaan Chin Yit Sdn Bhd, to venture into construction and trading of building materials
1996	Expanded product offering to provide electrical engineering works for residential, commercial and industrial use
2003	Changed business focus to be primarily involved in the provision of web-based and remote monitoring and wireless control systems for buildings
2004	SSSB assumed its present name and was primarily involved in the business of renovation work, HVAC systems, mechanical and electrical works for residential, commercial and industrial properties
2008	SSSB was awarded its first major cleanroom construction contract for the installation of HVAC
2010	• SSSB had changed its business focus to the development of cleanrooms, focusing on the life science industry • SSSB had successfully developed the first version of the SGLMS • SSSB was awarded its first turnkey contract for development of cleanroom used as a research laboratory

Year	Key Achievements and Milestones
2017	SSSB expanded its services to include planning, design and validation of cleanrooms used in life science facilities. From then on, SSSB was able to provide integrated turnkey solutions for the development of cleanrooms
2019	• SLSSB was incorporated to focus on the provision of management services for cleanrooms • SLSSB was given a 12% equity stake in Hope Stemcell

3.3 Information on our Group

Our Group's structure is as depicted in Section 3.1 of this Information Memorandum.

Please find below the background information of the companies within our Group.

3.3.1 Information on Supergenics

Supergenics (company no. 201601043153 (1214095-X)) was incorporated in Malaysia under the Companies Act 1965 on 30 December 2016 as a private limited company under the name Supergenics Holdings Sdn Bhd. On 14 March 2019, Supergenics Holdings Sdn Bhd changed its name to Supergenics Sdn Bhd and subsequently converted to a public limited company and assumed our present name on 9 May 2019. Supergenics is principally an investment holding company with 2 subsidiaries as illustrated in our Group structure in Section 3.1 above and commenced business on 22 January 2019.

As at the LPD, the share capital of Supergenics is RM1,700,098 comprising 68,000,000 Shares.

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

3.3.2 Information on SSSB

SSSB (company no. 198201002784 (82530-W)) was incorporated in Malaysia under the Companies Act, 1965 on 19 March 1982 as a private limited company under the name Pembinaan Chin Yit Sdn Bhd. On 31 May 1984, Pembinaan Chin Yit Sdn Bhd changed its name to Buildston Sdn Bhd and then subsequently to Xing-Jian Enterprise Sdn Bhd on 13 December 1993. On 5 March 2003, Xing-Jian Enterprise Sdn Bhd changed its name to Reinlinea (M) Sdn Bhd and subsequently on 13 October 2004, assumed its present name. Since 2008, SSSB has been principally involved in the provision of turnkey solutions for the development of cleanrooms.

As at the LPD, the share capital of SSSB is RM250,000 comprising 250,000 ordinary shares in SSSB.

SSSB is our wholly-owned subsidiary. As at the LPD, SSSB does not have any subsidiary or associate companies.

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

3.3.3 Information on SLSSB

SLSSB (company no. 201901007642 (1316969-V)) was incorporated in Malaysia under the Act on 6 March 2019 as a private limited company under its present name. SLSSB is presently dormant with its intended principal activity being the provision of management services for cleanrooms.

As at the LPD, the share capital of SLSSB is RM100 comprising 100 ordinary shares in SLSSB.

SLSSB is our wholly-owned subsidiary. As at the LPD, SLSSB does not have any subsidiary or associate companies. As at the LPD, SLSSB holds 12% equity interest in Hope Stemcell.

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

3.3.4 Information on Hope Stemcell

Hope Stemcell (company no. 201901008250 (1317578-T)) was incorporated in Malaysia under the Act on 11 March 2019 as a private limited company under its present name. Hope Stemcell is presently dormant with its intended principal activity being the operations of a stem cell laboratory.

As at the LPD, the share capital of Hope Stemcell is RM1,000 comprising 1,000 ordinary shares in Hope Stemcell.

As at the LPD, SLSSB holds 12% equity interest in Hope Stemcell. The remaining equity interest in Hope Stemcell is held by Tan Wee Kong, who is also the sole director of the company as at the LPD. Tan Wee Kong is not related to our Directors, Promoters or substantial shareholders.

As at the LPD, Hope Stemcell does not have any subsidiary or associate companies.

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

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4. OVERVIEW OF OUR BUSINESS

4.1 Our Principal Activities

Our main business activities are providing integrated turnkey solutions for the development of cleanrooms and the provision of management services for cleanrooms. Cleanroom development generally can be broken down into facility planning, designing, supplying, construction, equipment installation, testing, verification and validation with the objective of delivering a controlled environment and conditions suitable for activities carried out within the cleanroom. Cleanroom management services focuses on the control, maintenance and monitoring of cleanrooms and its equipment to maintain the required environment and conditions within the facility. We focus primarily on cleanrooms used in the life sciences field, such as in assisted reproductive treatments, stem cells and clinical trials.

The cleanrooms developed by our Group are customised based on our customers' specifications, mainly according to the size and intended usage of the cleanrooms. We are able to provide our customers with a complete end-to-end service from planning and designing of cleanrooms to the handover stage when the cleanroom is ready to be validated and/or certified by the respective regulatory authorities and accredited certification bodies. In addition to newbuild cleanrooms, we are also able to undertake the redevelopment, refurbishment and upgrading of existing cleanrooms and its related equipment and systems.

Upon completing a cleanroom, we install various environment and condition sensors together with our in-house developed laboratory control and monitoring system known as the SGLMS. The SGLMS is controlled with proprietary firmware and software and is embedded with artificial intelligence to provide feedback to the SGLMS main control system. This will alert the user of any developing faults or issues, thus enabling the user to determine a suitable response. The SGLMS records critical cleanroom data such as room temperature, room particle levels, oxygen and carbon dioxide levels, VOC levels, relative humidity, room pressure difference, air flow and equipment, door and lights monitoring. The system is also capable of monitoring the functionality of laboratory equipment and low voltage electrical power monitoring and is equipped with a user alert.

We also offer cleanroom management services to our customers which include the servicing of systems and equipment installed, as well as preventive maintenance for the cleanroom itself.

Our key processes in the development of cleanrooms are as follows:

(i) Planning, designing and construction of cleanroom and supplying and installation of cleanroom fittings and equipment

- Involves the planning and designing of the cleanroom's layout;
- Construction is undertaken by third-party sub-contractors under the supervision and monitoring of our project managers on-site; and
- Fitting of cleanroom and installation of equipment to be used in the cleanroom.

(ii) Installation of SGLMS

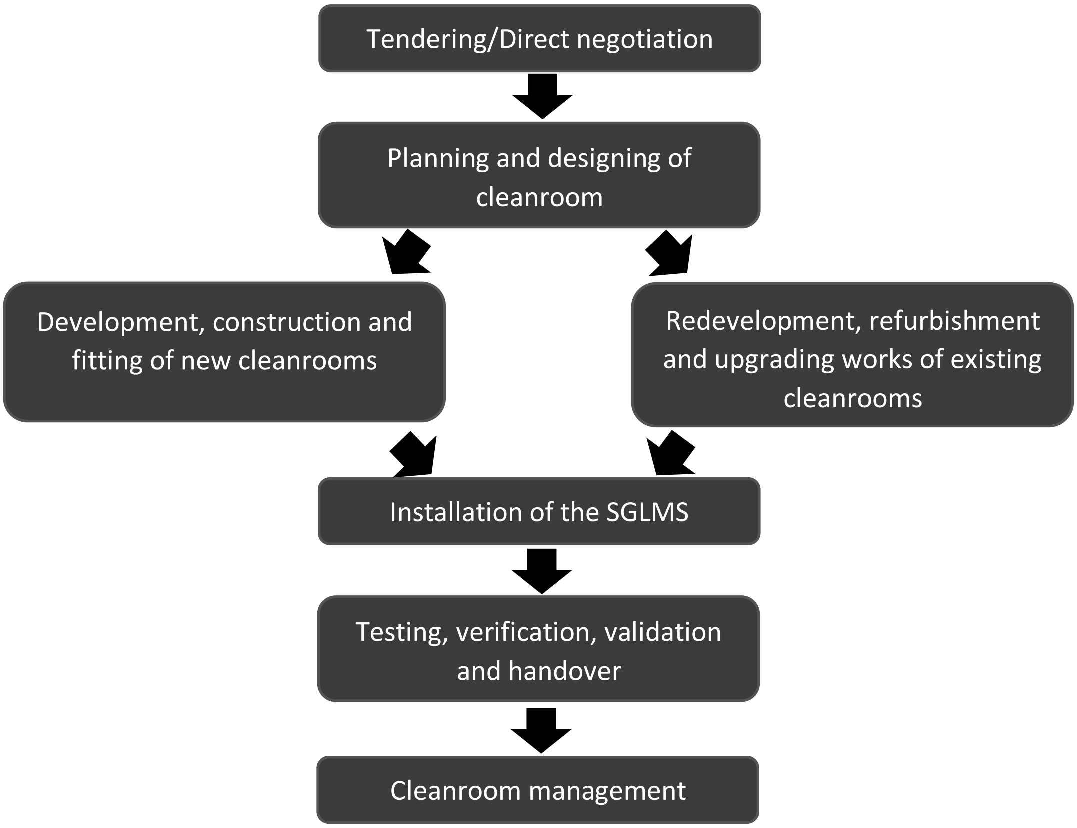
Upon completing construction of the cleanroom, we install the SGLMS to monitor, control and record critical cleanroom data.

(iii) Testing, verification and validation

The final process before handing over the cleanroom to our customers is to perform preliminary testing, verification and validation of the cleanroom prior to its commissioning.

4.2 Process Flow

The key stages/processes of our business operations are depicted below:



(i) Tendering/Direct negotiation

Our sales team constantly monitors for opportunities arising from invitations to tender for projects in relation to the development of new cleanrooms or refurbishment and/or redevelopment of existing cleanrooms. Business opportunities may also arise from invitations to participate in direct negotiations with potential customers for new projects. Direct negotiation contracts are usually undertaken with repeat customers.

Upon receiving tender invitations or commencing direct negotiations, our project team will conduct an assessment on the technical specifications and requirements of a potential project. The main objective would be to effectively prepare tenders and estimate project costs. The assessment provides us with a preliminary understanding of the site and project and also minimises potential issues arising after the project has been secured.

(ii) Planning and designing of cleanroom

Upon being awarded a contract for the development/redevelopment of cleanrooms, the assigned project manager and design team will perform a site visit. After taking measurements and obtaining the requisite information, the project team will then prepare an official proposal to the customer containing the following:

(a) proposed layout in accordance with the standard operating procedures of customers' requirements and relevant regulated standards of compliance as well as taking into account the power consumption, HVAC and waste disposal requirements, positioning of equipment used, human traffic and allowable particle levels;

(b) proposed cleanroom temperature, humidity and HVAC system to be installed;

(c) recommendations on materials to be used in the construction/redevelopment of the cleanroom and furniture and equipment to be installed based on agreed project budget and compliance; and

(d) documentation and processes required to comply with the necessary regulations and standards.

After obtaining the customers' agreement on the proposal, our project team will then proceed to assist the customer with securing the relevant pre-development approvals required, if any.

(iiia) Development, construction and fitting of new cleanrooms

Our project team will then identify the required sub-contractors to undertake construction of the cleanroom based on required expertise, track record of projects completed and turnaround time to complete projects. The relevant hardware in relation to the SGLMS, such as sensors and monitoring systems, are also installed during the construction stage.

During the construction of the cleanroom, our project managers will be stationed on-site to supervise and monitor the progress of the respective sub-contractors. This is to ensure that the design and materials used and construction is carried out according to specifications and in compliance with the relevant required regulations and/or standards. Periodic site visits are also conducted together with our customers in order to keep track of the progress of construction.

Simultaneously, our procurement team will proceed to purchase the specified furniture and equipment for installation in the cleanroom upon completion of construction.

Upon site handover from our customers, our Group requires approximately 5 months on average to develop, construct and fit out new cleanrooms.

(iiib) Redevelopment, refurbishment and upgrading works

We are also engaged by customers for the redevelopment, refurbishment and upgrading works of existing cleanrooms. These projects are only undertaken if the customer is willing to adopt our recommendations relating to design, material used and installation of the SGLMS in conjunction with the redevelopment, refurbishment and upgrading works.

Our processes and turnaround time for the redevelopment, refurbishment and upgrading works are similar to the processes for newbuild cleanrooms as mentioned in Section 4.2(iiia) above.

(iv) Installation of the SGLMS

Once the fittings for the cleanroom have been installed, our project team will then proceed to install, program, configure, activate and test the SGLMS. Our proprietary firmware and software are installed at the cleanroom facility and connected to the sensors and monitoring systems previously installed during the construction/redevelopment stage.

Upon completing installation of the SGLMS, our team will conduct training for the cleanroom users so that our customers are able to utilise the installed systems competently.

The installation, testing and training for users of our SGLMS system requires approximately 1 month to complete.

(v) Testing, verification, validation and handover

Prior to handover, we perform preliminary testing, verification and validation of the cleanroom facility prior to its commissioning. The testing and verification procedure acts as a check for any faults in the cleanroom and identifies areas where rectification works may be required.

We are also able to conduct testing and validation for the design, installation, operation and performance of the cleanroom in line with international accredited procedures and policies. This is to provide customers with a pre-assessment prior to engaging with the respective regulatory authorities and international certification bodies.

The main areas of focus of the testing and validation done are:

(a) room particle count and microbial test;
(b) room temperature, humidity, air flow and pressure difference test;
(c) filter and ducting leakage test;
(d) water pressure and structure cabling and electrical performance test; and
(e) room cleaning and fumigation in line with cGMP regulatory requirements.

At our customers' request, we assist third-party testers appointed by them to conduct testing and verification on the cleanroom facility to counter-check validation reports produced by us. In addition, we also assist our customers with the preparation of submissions to the relevant authorities to obtain the necessary approvals prior to the commencement of operations for the cleanroom facilities. Through our experience, the time required to secure the said approvals ranges between 6 to 12 months.

Once the results from the testing, verification and validation process are in compliance with the relevant requirements and/or after the relevant pre-operational approvals are obtained, we will then proceed to formally handover the cleanroom to our customers.

(vi) Cleanroom management

As part of the services offered by our Group, our customers have the option of engaging us to provide management services for the cleanrooms. Notwithstanding the above, we will only provide management services for cleanrooms which have been developed or redeveloped by us and equipped with the SGLMS. The provision of management services for cleanrooms comprises of the servicing of systems and equipment installed as well as preventive maintenance for the cleanroom itself. Based on the data received via the SGLMS, we are able to constantly monitor and analyse the cleanroom's environment and condition, thus providing early indication of any developing fault, allowing for preventive maintenance and avoiding potential cleanroom failure.

4.3 Our Competitive Strengths

We believe that our competitive strengths stated below are the main factors for our Group's success thus far and will be drivers for our Group's future growth.

4.3.1 We have an established track record in the development of cleanrooms

Since our change in business direction to solely focus on the development of cleanrooms in 2010, we have gained technical skills, experience and know-how in this industry and established a track record. From our humble beginnings as a sub-contractor for the installation of HVAC systems in cleanrooms, we are now able to provide a full range of solutions from the planning and development of cleanrooms to the installation of the SGLMS for control, maintenance and monitoring purposes, as well as the preliminary testing, verification and validation of the cleanrooms constructed.

A sub-contractor's role is typically restricted to completing specific tasks for the development of cleanrooms such as layout design, installation of HVAC systems or structural works. In contrast, a turnkey solutions provider is responsible for the entire process from planning, construction, sourcing of materials, engagement of sub-contractors and delivery of the entire facility which houses the cleanrooms. We now have established a track record as a successful turnkey solutions provider of cleanrooms and facilities used for assisted reproductive treatments, stem cell treatments and clinical trials. Further thereto, our cleanrooms have successfully complied with various international and local regulations and standards such as those set by CKAPS, NPRA, AAALAC, ARTEC, ISO 14644, ISO 14698, cGTP, Cellular & Gene Therapy Products, ACTD, PIC/s as well as cGMP standards and NEBB Procedural Standards.

Some of our notable completed cleanroom projects are as follows:

No.	Project description	Scope of work	Contract sum (RM'000)	Project awarded	Project completed
1.	Biosafety Level 1 animal facility which complies with AAALAC standards located in Bayan Lepas, Pulau Pinang	Sub-contractor for the development of cleanroom facilities	1,300	May 2011	January 2012
2.	Stem cell laboratory which complies with ISO 14644 located in Kuala Lumpur	Sub-contractor for the development of laboratory	200	October 2012	December 2012
3.	Satellite animal facility which complies with AAALAC standards located in Kuala Lumpur	Sub-contractor for the development of cleanroom facilities	900	November 2013	February 2014
4.	Biosafety Level 1 animal experiment unit which complies with AAALAC standards located in Kuala Lumpur	Sub-contractor for the development of laboratory	200	December 2014	January 2015
5.	Ambulatory care unit which complies with CKAPS standards located in Cyberjaya, Selangor	Turnkey solutions provider	1,500	August 2015	May 2016
6.	IVF Centre which complies with CKAPS standards located in Kuala Lumpur	Turnkey solutions provider	4,000	March 2016	October 2016
7.	In Vivo Biosafety Level 2 animal facility which complies with AAALAC standards located in Setia Alam, Selangor	Turnkey solutions provider	4,000	January 2017	December 2017

No.	Project description	Scope of work	Contract sum (RM'000)	Project awarded	Project completed
8.	Stem cell laboratory in line with cGMP regulations located in Seri Kembangan, Selangor	Turnkey solutions provider	4,000	April 2018	August 2019
9.	Extension of a stem cell laboratory in line with cGMP regulations located in Seri Kembangan, Selangor	Turnkey solutions provider	2,200	October 2018	August 2019

Our Group's on-going and future projects as at the LPD are as follows:

No.	Project description	Scope of work	Contract sum (RM'000)	Project awarded	Expected completion
1.	IVF Centre which complies with CKAPS standards located in Shah Alam, Selangor	Turnkey solutions provider	4,050	August 2018	December 2019
2.	Stem cell laboratory ambulatory care center which complies with CKAPS standards and in line with cGMP regulations located in Subang, Selangor (showcase cleanroom)	Turnkey solutions provider	6,700	July 2019	May 2020

In addition, to the above development contracts, we have secured a contract for the provision of cleanroom management services in 2017 for equipment servicing and preventive maintenance for an IVF centre which complies with CKAPS standards located in Kuala Lumpur. The said contract is for a period of 10 years with a total contract value of RM2.2 million.

As at the LPD, our Group has an unbilled order book of RM9.02 million which is expected to last till May 2020. We believe that our track record and project references will support our Group's future growth and expansion plans, thus ensuring the continued sustainability of our business.

4.3.2 We are able to consistently develop cleanrooms of high quality

Our management team led by our Group Managing Director is committed to the development of cleanrooms of high quality by understanding the needs of our customers and providing value-added, customised solutions and services. Since our Group's change of business focus to the development of cleanrooms, we have not received any complaints from customers nor incurred any liquidated and ascertained damages due to the delay in completion or handover of a project. We enjoy the trust of repeat customers who have come back to engage our Group for the development of subsequent cleanroom projects.

In 2017, we secured a contract for the provision of cleanroom management services, focusing on equipment servicing and preventive maintenance for a cleanroom for a period of 10 years. This is an area which we intend to expand on in order to build up a base of recurring income.

In order to ensure that our high-quality standards are maintained, our project managers who are tasked with monitoring the development progress and are required to visit the site at least once a day. However, taking cognisance of the manpower requirements to undertake a project, we are cautious of tendering for and/or accepting projects which may result in a decrease in the quality of projects delivered.

Based on the above, we are of the opinion that we have been able to consistently develop cleanrooms of high quality, which will continue to enhance our Group's reputation as a preferred developer of cleanrooms.

4.3.3 We have an experienced management team

Our Promoters possess vast experience in the development of cleanrooms as they have been the driving force of our business since venturing into cleanroom development in 2010. As engineers by training and profession, our Promoters have managed to combine their technical know-how with sound business acumen to build up the Group over the years. Our Promoters are supported by our key management personnel, namely our Development Manager, Group Finance Manager and General Manager, Sales.

Please refer to Sections 6.2.2 and 6.3.2 of this Information Memorandum for the profiles of our Group's Directors and key management personnel.

4.3.4 Continuous improvement and development capabilities

The successful development of the SGLMS and its introduction as an integral part of our Group's product offering provides our customers with a comprehensive laboratory monitoring and control system which we believe provides an edge over our competitors. The SGLMS is presently in its third version since its development. During its inception, the SGLMS was utilised as more of a monitoring tool and subsequently developed to expand its capabilities, which presently includes, amongst others, artificial intelligence capabilities which are able to analyse cleanroom data and systems. In turn, we are able to control, maintain and monitor certain cleanroom equipment so as to maintain the desired controlled environment.

Under the stewardship of our Group Managing Director and assisted by Chan Wai Mun, our Development Manager, we are committed to expanding the capabilities of the SGLMS by developing additional monitoring and control system parameters.

Please refer to Section 4.10 of this Information Memorandum for further details of our Group's development initiatives.

4.4 Quality Assurance

As part of our quality assurance efforts, we have put in-place internal quality processes to ensure that the quality of developed cleanrooms is maintained. The activities undertaken during the development of the cleanrooms include:

(i) Daily inspection of site by our site managers in order to ensure that the development of cleanrooms is in line with customer specifications and required standards of compliance;

(ii) Inspection of furniture and equipment before delivery and installation in the cleanroom; and

(iii) Testing of sensors and monitoring systems to ensure that they are functioning properly and providing feedback to the SGLMS.

In addition to the above, all cleanrooms are tested, verified and validated prior to handover to our customers as explained in Section 4.2(v) above. This enables us to ensure that upon handover to our customers, the cleanroom meets or exceeds pre-agreed specifications with a high level of quality.

4.5 Principal Markets

Our customers and sites for the on-going development of cleanrooms are all located in Malaysia. Please refer to Section 4.7 below for details of our major customers.

4.6 Sales and Marketing Strategies

Our sales and marketing team are tasked with creating awareness of our capabilities in the provision of integrated turnkey solutions for the development of cleanrooms, provision of management services as well as building and fostering relationships with our customers. We approach our customers through the following means:

(i) Direct negotiations

As a result of consistently meeting the expectations of our customers, as at the LPD, we have managed to secure 3 repeat customers for the development of cleanrooms. Through the relationships built with these customers, our sales and marketing team will be invited by our repeat customers for direct negotiations to submit proposals for their upcoming cleanroom development projects.

Having almost a decade of experience in the development of cleanrooms, we have established a network of customers and associates such as equipment suppliers, sub-contractors, fabricators and engineers from past and existing projects. In addition, through the trust earned from the delivery of completed projects, we have been able to cultivate brand loyalty and goodwill amongst our customers.

Further to the above, our customers and associates routinely refer potential projects to us by 'word of mouth'. Upon receipt of these referrals, our sales and marketing team will then proceed to engage with these prospective customers in discussions about their proposed cleanroom projects and commence direct negotiations.

(ii) Tendering

Our sales and marketing team are constantly on the lookout for tenders being called for new cleanroom projects. Once we have determined that we are able to meet the required specifications for the development of the cleanroom, we will then prepare and submit our tender application together with our quotation for the project to the prospective customer.

As part of our Group's future plans, we intend to develop a showcase cleanroom under the "Supergenics" brand for the purpose of enhancing our sales and marketing initiatives. As mentioned in Section 2.1.4 of this Information Memorandum, we have allocated RM1.0 million of the proceeds to be raised from the Excluded Issue for the development of this showcase cleanroom which will house the operations of a stem cell laboratory owned and operated by Hope Stemcell. We will be able to invite customers to view the full spectrum of our capabilities at the showcase cleanroom upon its completion.

Please refer to Section 4.14 below for further details of our Group's future plans in relation to the development of the showcase cleanroom.

4.7 Major Customers

During the FYE 2017 and FYE 2018, all our Group's revenue has been solely derived from our operations which are based in Malaysia. Details of the revenue contribution from our top 5 customers for the FYE 2017 and FYE 2018 respectively are as follows:

Name of customer	Length of business relationship (years)	FYE 2017 RM'000	FYE 2017 (1)%	FYE 2018 RM'000	FYE 2018 (1)%	FPE 2019 RM'000	FPE 2019 (1)%
ITS Labworks Sdn Bhd(4)	9	4,249	81.0	892	13.4	22	0.6
KL Fertility & Gynecology Centre Sdn Bhd(4)	5	476	9.1	358	5.4	146	4.2
Sanjung Khas Sdn Bhd(4)	3	117	2.2	*(2)18*	*0.3*	43	1.2
Xing Lin TCM Centre Sdn Bhd(4)	3	109	2.1	*(2)39*	*0.6*	-	-
Interscience Sdn Bhd(4)	7	57	1.1	-	-	-	-
23 Century International Life Science Centre Sdn Bhd(4)	1	-	-	4,469	67.1	679	19.7
Novafast SE Asia Sdn Bhd(4)	1	-	-	271	4.1	-	-
Gnosis Laboratories (M) Sdn Bhd(4)	1	-	-	159	2.4	-	-
Saixu (M) Sdn Bhd(4)	1	-	-	-	-	2,566	74.2
Total		**5,008**	**95.5**	**(3)6,149**	**(3)92.4**	**3,456**	**99.9**

Notes:
(1) Percentage derived based on our Group's revenue for the respective financial year.
(2) Not within the top 5 customers of our Group during the financial year under review.
(3) Does not include the revenue derived from Sanjung Khas Sdn Bhd and Xing Lin TCM Centre Sdn Bhd as they are not within the top 5 customers of our Group during the FYE 2018.
(4) The principal activities of our customers are as follows:

Name of customer	*Principal activity**
ITS Labworks Sdn Bhd	*Turnkey laboratory projects and provision of related products*
KL Fertility & Gynecology Centre Sdn Bhd	*Provision of assisted reproductive treatment services, IVF, embryological laboratory services, specialist consultancy services, obstetrics and providing relevant laboratory services in connection with investigative procedures and other medical and pharmaceutical services*
Sanjung Khas Sdn Bhd	*Provision of service and maintenance works for air conditioning and other mechanical and electrical systems*
Xing Lin TCM Centre Sdn Bhd	*Operations of a traditional Chinese medical centre*
Interscience Sdn Bhd	*Dealing of scientific equipment and chemicals*
23 Century International Life Science Centre Sdn Bhd	*Provision of investment advisory services*
Novafast SE Asia Sdn Bhd	*Engaged in the business of providing oil and gas engineering services*
Gnosis Laboratories (M) Sdn Bhd	*Operations of medical laboratories for healthcare testing*
Saixu (M) Sdn Bhd	*Retail sale of photographic and precision equipment and stock, share and bond brokers*

** Source: Companies Commission of Malaysia*

Based on the above table on customer revenue contribution, it is noted that the revenue for each of the FYE or FPE is primarily derived from a single customer. For example, during the FYE 2017, revenue was mainly derived from ITS Labworks Sdn Bhd whereas for the FPE 2019, revenue was mainly derived from Saixu (M) Sdn Bhd.

However, we do not believe that we are dependent on any single or few major customers. As shown in the above table, the largest revenue contributor in any FYE or FPE changes every year as ongoing projects are completed and new projects commence. Due to our Group's policy of maintaining a lean workforce, we are presently only able to run a handful of projects simultaneously. Upon realisation of our plans to expand our workforce, we expect that we will be able to undertake more projects at any one point in time and reduce customer concentration risk in any particular FYE or FPE.

4.8 Major Suppliers/Service Providers

Our Group's top 5 suppliers/service providers for the FYE 2017 and FYE 2018 are as follows:

Name of supplier/ service provider	Length of business relationship (years)	FYE 2017		FYE 2018		FPE 2019	
		RM'000	(1)%	RM'000	(1)%	RM'000	(1)%
Tri Mech Technology Sdn Bhd(5)	4	1,230	30.5	460	11.9	600	25.8
MNM Engineering(5)	3	521	12.9	126	3.3	242	10.4
Volar Engineering Sdn Bhd(5)	2	359	8.9	821	21.3	-	-
Welcome Air-Tech Sales & Services Sdn Bhd(5)	2	309	7.6	*(2)53*	*1.4*	278	11.9
Imagewell Design(5)	4	290	7.2	*(2)23*	*0.6*	*(2)8*	*0.3*
Tan Chun Hao(5)	1	-	-	150	3.9	-	-
Chuk Wei Renovation & Construction(5)	2	*(2)2*	*(3)*	143	3.7	*(2)45*	*1.7*
Concess Interior Sdn Bhd(5)	1	-	-	-	-	137	5.9
Acson Malaysia Sales & Services Sdn Bhd(5)	1	-	-	-	-	128	5.5
Total		**(4)2,709**	**(4)67.1**	**(4)1,700**	**(4)44.1**	**(4)1,385**	**(4)59.5**

Notes:

(1) Percentage derived based on our Group's total cost of sales for the respective financial year.

(2) Not within the top 5 suppliers/service providers of our Group during the financial year under review.

(3) Negligible.

(4) Does not include the purchases from Chuk Wei Renovation & Construction for the FYE 2017 and FPE 2019, Welcome Air-Tech Sales & Services Sdn Bhd for the FYE 2018 and Imagewell Design for the FYE 2018 and FPE 2019 as they are not within the top 5 customers of our Group for the respective financial years/periods.

(5) The type of goods/services provided by suppliers/service providers as mentioned in the above table are as follows:

Name of supplier/ service provider	***Type of goods/services provided***
Tri Mech Technology Sdn Bhd	*Provider of architecture services used in the designing of cleanrooms*
MNM Engineering	*Electrical works sub-contractor*
Volar Engineering Sdn Bhd	*Engineering services sub-contractor for the installation of HVAC equipment*

Name of supplier/ service provider	*Type of goods/services provided*
Welcome Air-Tech Sales & Services Sdn Bhd	*Supplier of AHUs and fan coil units used in the cleanroom's HVAC equipment*
Imagewell Design	*Provider of architecture services used in the designing of cleanrooms*
Tan Chun Hao	*Provider of architecture services used in the designing of cleanrooms*
Chuk Wei Renovation & Construction	*Construction works sub-contractor*
Concess Interior Sdn Bhd	*Provider of interior design services used in the development of cleanrooms*
Acson Malaysia Sales & Services Sdn Bhd	*Supplier of chillers used in the cleanroom's HVAC equipment*

We are not materially dependent on any one of these suppliers/service providers as we are able to readily source similar products/services from other suppliers/service providers.

4.9 Seasonality

We do not experience any seasonality in our business as the demand for the development of cleanrooms is not subject to major fluctuations.

4.10 Product Development

Our Group's product development initiatives have been focused on the development of the SGLMS. The SGLMS is a remote monitoring system which allows users to control, maintain and monitor as well as collect critical data on their laboratory and equipment used within the cleanroom. Parameters such as room temperature, VOC, oxygen and carbon dioxide levels, relative humidity, room pressure difference and air flow are monitored throughout the day. By analysing the collected data, we are able to identify indications of a developing fault or failure such as decreasing room pressure in the cleanroom which indicates an exposure to outside air, potentially resulting in cleanroom contamination or adverse fluctuations in room temperature. This would likely be due to a failure of the AHU which may adversely impact the biological subjects stored or processed in the cleanroom facility.

This allows us to promote our provision of management services for cleanrooms as the SGLMS has an embedded artificial intelligence which is able to indicate to users when maintenance is to be scheduled and the necessary corrective actions to be taken, if required, to avoid cleanroom failure and maintain the cleanroom at its required standard. In some projects, the cleanrooms are equipped with secondary HVAC equipment for contingency purposes, the operation of which is determined by the SGLMS based on collected and analysed cleanroom data.

The first version of the SGLMS was developed and launched in 2010. Over the years, we have successful developed and improved the SGLMS, achieving the following milestones:

Timeline	**Development milestones**
2010	Development and launch of the first version of the SGLMS which was able to monitor the temperature, humidity and pressure of the cleanroom with alerts provided to clients via short message service (SMS) or electronic mail.

Timeline	**Development milestones**
2014	Development and launch of the second version of the SGLMS which expanded its capabilities to be able to control equipment such as AHUs, compressors, valves, pumps, exhaust fans and lights as well as timers for these equipment. As a result, users of the SGLMS can control the temperature and humidity of the cleanroom. In addition, the second version of the SGLMS was able to monitor additional parameters, namely oxygen and carbon dioxide levels, lighting and airflow.
2018	Development and launch of the third version of the SGLMS which is equipped with artificial intelligence able to analyse the data received, providing better control of cleanroom temperature, relative humidity, pressure and airflow resulting in lower electricity and maintenance costs. We also improved the response time of the monitoring systems, upgraded our user interface to a real-time web-based system and upgraded our software in order for it to be compatible for future integration with mobile applications.

SGLMS equipped cleanrooms have received certifications from CKAPS, AAALAC and ISO as well as complying with cGMP standards and NEBB Procedural Standards. As at the LPD, we are in the midst of upgrading the SGLMS to expand its capabilities to ensure compliance with the guidance on practice issued by the NPRA and ARTECH.

We constantly look for areas to improve and upgrade the SGLMS in order to enhance its capabilities and to facilitate our customers' requirements to comply with additional certifications and standards. In order to be able to tender and negotiate for development projects of cleanrooms with an increased number of certifications and standards, we are required to further develop and enhance the SGLMS so that it is able to monitor additional parameters. As at the LPD, we have in place future plans to develop the SGLMS so that the cleanrooms installed with the SGLMS are able to comply with FDA requirements, as well as develop an application programming interface which is able to cater for additional input parameters. In addition, it will also provide improved detailed feedback. Please refer to Section 4.14 below for further details of our Group's future plans.

To-date, it is estimated that our Group has incurred expenses of approximately RM0.8 million for the development of the SGLMS. However, we have not capitalised any of our development expenses in our Group's Statement of Financial Position and have recognised them as expenses incurred in our Group's Statement of Comprehensive Income. Moving forward, we intend to capitalise development expenses incurred in line with the relevant accounting principles adopted by our Group.

As mentioned in Section 2.1.4 of this Information Memorandum, we have allocated RM1.0 million from the proceeds raised from the Excluded Issue for the further development of the SGLMS. Currently, such development efforts are funded through internally generated funds and equity capital injected by our Promoters.

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4.11 Major Approvals, Licences and Permits

As at the LPD, the major approvals, licences and permits obtained by our Group are as follows:

No.	Company	Issuing authority	Effective date / Expiry date	Type of licence, permit or approval / Registration No.	Salient conditions	Status of licence
1.	SSSB	Construction Industry Development Board	31 January 2019 / 29 January 2022	Construction Industry Development Board licence in respect of Grade G5 Registration no. 1970411-WP028366	The licence is non-transferable. The Construction Industry Development Board reserves the right to review the registration grade of SSSB from time to time.	Active.

4.12 Intellectual Properties

As at the LPD, our Group has not registered neither does it own any intellectual properties. However, as at the LPD, we have registered for the following trademark which is currently pending approval:

No.	Trademark	Applicant	Issuing authority / application no.	Class	Date of application	Status of registration
1.		SSSB	Intellectual Property Corporation of Malaysia / Trademark Application No. TM2019009488	37	18 March 2019	Pending

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

4.13 Principal Place of Business

As at the LPD, our Group owns the following principal place of business/properties, the details of which are as follows:

Owner	Title details / Postal address / Description of property	Existing use / Tenure / Category of land use	Land area / Built-up area (sq ft)	Audited NBV as at 31 December 2018 (RM'000)	Date of issuance of certificate of fitness for occupation	Encumbrances
SSSB	H.S. (D) 116711, PT 36086 Pekan Baru Subang District of Petaling State of Selangor No. 57, Jalan Bulan U5/171 Subang 2 40150 Shah Alam Selangor Darul Ehsan 1 ½ storey factory	Headquarters and office / Leasehold 99 years expiring 31 December 2096 / Business	1,760 sq ft / 2,249.98 sq ft	1,122	22 December 1998	1. Private caveat registered by Public Bank Berhad dated 20 July 2017 vide presentation no. 32859/2017; and 2. Charge registered by Public Bank Berhad dated 16 October 2017 vide presentation no. 89913/2017.

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4.14 Future Plans and Business Strategies

The future plans of our Group are centered around securing more projects, improving the capacities and capabilities of our Group and raising the Group's profile. In order to achieve this, our Group has in place the following plans and strategies:

(i) Expanding our geographical reach

Our major completed projects as well as our on-going and future projects are all concentrated in the Klang Valley. We intend to expand our reach to other parts of Malaysia by sourcing for projects in other locations. For a start we intend to target projects located in Johor Bahru, Penang, Melaka, Kuantan and Kota Kinabalu. Since switching our Group's business focus to the development of cleanrooms, we have received inquiries to take on projects in Indonesia, Brunei, Penang and Johor Bahru. However, to-date, our Promoters have decided against taking on these projects due to manpower constraints as it is our policy to have our site managers visit and monitor the progress of the development sites daily.

According to the IMR Report, the cleanroom market in specialised medical laboratories is expected to grow at a CAGR of 8.8% between 2018 and 2023. As such, we intend to capitalise on this growth trend by expanding our Group's geographical presence. In order to do so, we intend to increase our workforce through the hiring of additional qualified and experienced engineers who have the potential to be trained up as project and site managers. Initially we will embark on smaller cleanroom development projects in these regions as our Group will need to build good working relationships with the local sub-contractors and equipment suppliers, as well as increase our familiarity of the local market. Depending on our success rate in the securing of projects in a particular region, we may decide to set up regional offices to better serve the local clientele.

(ii) Secure additional contracts for the provision of cleanroom management services

We intend to promote the provision of cleanroom management services as a complementary product offering to our core business of cleanroom development. Cleanroom management comprises of the servicing of cleanroom equipment as well as preventive maintenance for the cleanroom itself in order to reduce the risk and avoid cleanroom failure. As at the LPD, we have managed to secure a contract for the provision of cleanroom management services for a tenure of 10 years with a total contract sum of RM2.2 million. The said contract is to service and provide preventive maintenance for an IVF centre which complies with CKAPS standards located in Kuala Lumpur. In addition, upon completion of the development of our showcase cleanroom, it is expected that SLSSB will be awarded with a contract for the provision of cleanroom management services.

Our management believes that cleanroom management services is a good source of recurring income as the tenure for these contracts are generally longer and less manpower intensive.

(iii) Further development and enhancement of the SGLMS

Presently, the SGLMS enables users to control, maintain and monitor indoor air quality and performance. It is able to record critical cleanroom data such as room temperature, room particle levels, oxygen and carbon dioxide levels, VOC levels, relative humidity, room pressure difference, air flow and monitoring of status of cleanroom equipment, entrance and lightings.

Based on the present capabilities of the SGLMS, our clients are able to comply with and achieve the following regulations and standards:

(i) CKAPS for operations of a medical centre pursuant to the Private Healthcare Facilities and Services Act 1998;
(ii) AAALAC for operations of a drug testing laboratory involving animals;
(iii) ISO 14644-1 for particulate controls in cleanrooms;
(iv) ISO 14698 for contamination controls in cleanrooms;
(v) cGMP for production of drugs and cells as approved by the NPRA; and
(vi) cGTP for quality of final products containing tissues and cells for human applications.

We intend to further develop and enhance the SGLMS to expand its capabilities to be able to cater to additional input parameters as well as provide improved detailed feedback based on quicker turnaround time. It is also intended for the SGLMS to comply with the relevant FDA regulations in relation to electronic records and electronic signatures. As our customers have been generally from the life science field, this would allow us to expand our customer base to potential customers who are involved in the food processing and pharmaceutical industries, in which FDA regulations are the benchmark of compliance. We also intend to increase the headcount of our development team which presently consists of only our Development Manager under the supervision of our Group Managing Director.

We have allocated RM1.0 million of the proceeds to be raised from our Excluded Issue for the purpose of the further development and enhancement of the SGLMS. Please refer to Section 2.1.4 for further information on the utilisation of proceeds raised for this purpose.

(iv) Development of a showcase cleanroom

In our Group's efforts to raise our profile, we have successfully negotiated with Hope Stemcell, a stem cell laboratory, for the establishment of a "Supergenics" branded showcase cleanroom. The development of the showcase cleanroom has been awarded by Hope Stemcell to SSSB in July 2019 with a total contract value of RM6.7 million. SLSSB also expects to be appointed to provide cleanroom management services for the showcase cleanroom. The showcase cleanroom, located in Subang Jaya, Selangor, will be a fully operational stem cell laboratory which is expected to be certified based on CKPAS and cGMP standards.

SLSSB has been given a 12% equity stake in Hope Stemcell without consideration which will also come with naming rights for the showcase cleanroom. As the showcase cleanroom will be fully designed, developed and maintained by our Group as well as monitored with the SGLMS, we will be able to display and demonstrate to potential customers the full range of our Group's capabilities and service offerings. As such, the showcase cleanroom is expected to enhance our Group's marketing initiatives.

The development of the showcase cleanroom is expected to improve our profitability as the contract awarded to SSSB will be on an arms' length basis at commercial terms. In addition, the provision of cleanroom management services is expected to cover a 10-year period for the provision of preventive maintenance and servicing of equipment installed in the said cleanroom.

We have allocated RM1.0 million of the proceeds to be raised from our Excluded Issue for development of the showcase cleanroom. Please refer to Section 2.1.4 of this Information Memorandum for further information on the utilisation of proceeds raised for this purpose.

4.15 Industry Outlook and Prospects of our Group

The cleanroom market in specialised medical laboratories amounted to about RM38.0 million in Malaysia in 2018 and this is expected to increase to around RM58.0 million in 2023, yielding a CAGR of 8.8%.

Cleanrooms play a mission-critical role in ensuring patient and staff safety in specialised medical laboratories, through the prevention of viral and bacterial infections. They assist to minimise and control the level of airborne particulates and maintain an antimicrobial environment. Healthcare facilities such as specialised medical laboratories are one of the most tightly-controlled spaces in terms of monitoring the indoor environment.

Although stem cell therapy is still highly experimental in most fields of medicines, interests in stem cell treatments are becoming more popular as technology progresses. This is anticipated to generate a further rise in the demand for cleanrooms in stem cell laboratories, in particular to cater for the fast-growing number of patients seeking youthful looks in cosmetic surgery. It is anticipated that aesthetic dermatology will gradually move towards cell and tissue therapy as the primary means of treatment in the stem cell market in the near future. This is in addition to stem cells used in mainstream regenerative medicine.

The field of clinical research which is heavily promoted by the Government generates numerous benefits in terms of improving patients' choices, as well as raking in economic benefits to the country. Pharmaceutical companies are increasingly undertaking clinical studies designed to add to medical knowledge related to the treatment, diagnosis and prevention of diseases or conditions. Both the safety and efficacy of the new product or approach needs to be determined before they are commercialised for the market. In turn, this is expected to further boost the demand for cleanrooms in the clinical trial laboratories.

For millions of couples around the world, the inability to bear children is a personal tragedy and the vast majority suffer psychological stress and emotional pain. Furthermore, the agony is compounded by a social stigma. Due to such fertility issues, both local and foreign patients are seeking assisted reproductive treatments. The ability of cleanrooms to provide good, clean air quality is essential for optimal embryo developments in assisted reproductive treatments, so as to assist women to give birth to healthy babies. In turn, this is projected to boost the demand for cleanrooms used in assisted reproductive treatments.

(Source: IMR Report)

Our Board is of the view that our Group's prospects in the long term will continue to be favourable. We believe that we have established ourselves in a niche market for the development of cleanrooms with a track record of approximately 9 years. Our continued success in securing projects is evidence of being a reliable industry player, capable of being resilient and adaptive to challenging market conditions.

By leveraging on our competitive strengths as disclosed in Section 4.3 above as well as the know-how and business acumen of our Promoters, we believe that we will be able to capture future opportunities as they present themselves. In line with the growth and expansion plans of our business, we are seeking a listing on the LEAP Market to facilitate our future growth and strengthen our position within the cleanroom industry. We believe we are well-positioned to undertake our future plans and business strategies as disclosed in Section 4.14 above which will place us in a position to continue our long-term growth and ensure our sustainability in the industry.

Notwithstanding the above, investors should take note of the risk factors relating to our Group as set out in Section 5 of this Information Memorandum.

(Source: Our Management)

5. RISK FACTORS

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

5.1 Risks Relating to Our Business, Operations and Industry

5.1.1 We are dependent on our Promoters and key management personnel

The success of our Group is significantly dependent on our Promoters and contributions of our key management personnel who have accumulated in-depth knowledge and experience in our industry. The loss of any of our Promoters and/or key management personnel, without suitable and timely replacements may materially affect our business operations and financial performance.

In order to mitigate this, we have a management succession plan which involves the training of key management personnel by the Promoters and the training of selected employees by our key management personnel. With the management succession plan, we aim to have qualified replacements for our Promoters and/or key management personnel. In addition, we have also put in place a competitive remuneration package to motivate, reward and retain our performing personnel. Through the Proposed Listing and with a strong corporate profile, we believe that we will be able to attract more qualified personnel to contribute to the growth and success of our Group.

However, no assurance can be given that these measures will result in the successful recruitment, retention and/or motivation of employees or in ensuring a smooth transition in the event of a loss of our Promoters and/or key management personnel.

5.1.2 We are dependent on our ability to attract and retain a skilled workforce

As a service provider, we require a competent base of skilled workforce, in particular engineers and software developers as well as back-end employees to undertake supporting business functions such as accounting, finance, human resource and other administrative roles. As it is our Group’s policy to maintain a lean workforce, we are to a certain extent, dependent on our present workforce. As at the LPD, we have a total of 12 employees.

We have in place future plans and business strategies as disclosed in Section 4.14 of this Information Memorandum which includes, amongst others, increasing the number of our employees. We have put in place a robust hiring process which requires that the respective roles and positions are filled up with personnel with the appropriate qualifications, expertise and experience. Capable employees who have the potential to take on greater responsibilities are identified and selected by our key management personnel for further training in view of career advancement within our Group. Such training would include on-the-job training to take on roles such as site managers as well as equip them with the knowledge for the designing of cleanrooms and the process of cleanroom validation. In addition, we may undertake an employee share option scheme which would serve to retain existing employees as well as attract new employees.

Notwithstanding the above, should these skilled personnel leave our Group, this could have an adverse impact on our ability to compete and the performance of our Group as a whole. In order to minimise our Group’s dependency on unskilled labour, we adopt a strategy of sub-contracting out this type of work.

5.1.3 We are exposed to project and business risks

Our Group's projects may face delays which could be due to external factors beyond our control such as securing timely approvals from regulatory authorities, disputes with customers and/or sub-contractors and sourcing quality cleanroom equipment. Any failure or delay in completing the projects within stipulated timelines may expose our Group to additional costs, liquidated ascertained damages and claims which may impact our profitability. Furthermore, in the event of delays caused by our sub-contractors, we do not have formal measures in place to claim from/pass on liquidated ascertained damages to them.

In order to mitigate the above risks, we have taken the following measures:

(i) Effective management of project schedules and timelines by our project engineers;

(ii) Daily site management and monitoring by our site managers to ensure works performed by our sub-contractors are on track and within the stipulated specifications;

(iii) Engaging with reliable suppliers, sub-contractors and other service providers which have a proven track record with our Group. As disclosed in Section 4.8 of this Information Memorandum, our major suppliers/service providers during the FYE 2018 have had a business relationship with our Group for the past 1 to 4 years; and

(iv) Maintaining relationships with a variety of suppliers/service providers so that we are not dependent on any single supplier/sub-contractor/service provider.

5.1.4 We have limited projects at any point in time

Due to our Group's policy of maintaining a lean workforce, we are only able to run a few projects simultaneously. This results in our dependency on a handful of projects during a financial year. For example, during the FYE 2017 and FYE 2018, approximately 81.0% and 67.1% of revenue respectively was contributed by our Group's largest project during the said financial years under review. Please refer to Section 4.7 of this Information Memorandum for our Group's top 5 customers during the FYE 2017 and FYE 2018 in terms of percentage of revenue.

As we undertake a limited number of projects at any point in time, any delay, deferment or termination of a particular project could potentially affect our Group's profitability. In order to manage this risk, we practice the following:

(i) We typically undertake assessments on the credibility and financial strength of a potential project and customer before submitting tenders or entering into negotiations;

(ii) We employ a systematic approach in managing project timelines and costs so as to anticipate and manage our costs; and

(iii) We require for customers to be up-to-date on payments to certain milestones of completion prior to continuation of work done and for deposits to be made prior to the ordering of cleanroom equipment.

As at the LPD, we have not faced any significant delay or termination in any of our projects which had a material adverse effect on our financial performance.

5.1.5 Our business is dependent on the renewal of our order book

In order to ensure the continuity of our business, we need to regularly replenish our order book by securing new contracts. Should we fail to do so, our Group's financial performance will be adversely affected.

Our management is confident that we are able to compete with other industry players and secure projects based on our established reputation and track record in the cleanroom industry. Please refer to Section 4.3.1 of this Information Memorandum for further information of our Group's notable completed cleanroom development projects as well as our on-going and future projects. However, there can be no assurances that we will be able to continuously replenish our order book.

In addition, in line with our Group's future plans and business strategies, we intend to diversify our revenue streams to include the provision of cleanroom management services to generate recurring income over an extended period. This will allow us to reduce the reliance on revenues derived from cleanroom development projects which tend to be lumpy in nature.

5.1.6 We are dependent on our sub-contractors and third-party installers

Our Group routinely engages sub-contractors in our projects to carry out different aspects of our construction activities which include but not limited to wet works, mechanical and electrical engineering works, piping and plumbing works as well as paint and water proofing works. In addition, our Group also engages third-party installers for cleanroom equipment upon completion of the cleanroom development. We have adopted this strategy of sub-contracting out the bulk of labour-intensive works in order to reduce the need of employing and maintaining a large workforce.

Sub-contractors are selected following a shortlisting process based on the project requirements as well as their track record of completed projects. Notwithstanding the role of the sub-contractors, our Group still undertakes the overall project design, planning, coordination and management of all our sub-contracted works and is still accountable to our customers for the execution of the contract and overall management of the project. During the course of each cleanroom development project, we have assigned site engineers who are responsible for monitoring the progress of our appointed sub-contractors. For the FYE 2017 and FYE 2018, our total sub-contractor costs accounted for approximately 81.8% and 79.0% respectively of our Group's total cost of sales.

Notwithstanding our sub-contractors' previous track record, any failure of a sub-contractor to fulfil its obligations may lead to damages and penalties imposed against us by our customers. Projects may be delayed leading to cost overruns or poor quality of work attributed to our sub-contractors. In addition, our sub-contractors are subject to rules and regulations by the respective regulatory bodies such as the CIDB relating to the construction industry. Non-compliance of these rules and regulations may affect our sub-contractors' work which may in turn have a material adverse impact to our Group. There can be no assurance that the working relationships with our sub-contractors will continue without any lapse in the quality or provision of services in the future.

5.1.7 Our business may be affected if we are unable to keep abreast with technologies used in cleanrooms

We believe that one of our success factors is our Group's proprietary SGLMS which provides our customers with real time monitoring and data recording of critical cleanroom data. Nonetheless, we need to keep abreast of the latest technologies used in cleanrooms as well as equip and upgrade our capabilities in order to remain relevant. Over the years, our SGLMS has been constantly upgraded in order to expand its capabilities. Our SGLMS, which started off as a monitoring system, is now capable of controlling certain equipment installed in cleanrooms. Please refer to Section 4.10 of this Information Memorandum for further details on the development of the SGLMS.

Notwithstanding our Group's efforts to develop and enhance the SGLMS, failure to identify and meet customers' cleanroom technological requirements may negatively impact our future growth and consequently may have a material adverse impact on our Group's business and financial performance.

5.1.8 We are faced with competition from other players in the industry

The cleanroom industry in Malaysia is a specialised industry comprising a handful of local industry players. Industry players compete amongst each other in terms of their reputation, proven track record, sound financial backing, expertise, costs and technical know-how. Some of these competitors have greater financial resources with better and more modern cleanroom equipment and infrastructure. However, our management expects our Group to be able to maintain our edge based on our competitive strengths as set out in Section 4.3 of this Information Memorandum. In addition, our in-house designed laboratory control, maintenance and monitoring system, the SGLMS, will allow us to offer our customers with an integrated cleanroom solution. Nonetheless, there is no assurance that our Group will be able to effectively compete in the cleanroom industry in the future.

5.1.9 We are exposed to the inherent risks in the cleanroom industry

The bulk of cleanrooms developed by our Group are used in the life sciences field, such as specialised medical laboratories involved in stem cells, assisted reproductive treatments and clinical trials. In addition, cleanrooms are also used in other industries such as food processing, semiconductor and medical devices.

The cleanroom market in specialised medical laboratories is largely influenced by a number of factors such as managing infection rates, a rapidly ageing society and inflow of medical tourists. Any downturn in the demand for cleanroom facilities among specialised medical laboratories in Malaysia may have an adverse effect on our financial performance.

As a result, as part of our future plans and business strategies, we intend to expand the capabilities of the SGLMS to cope with an increasing number of regulations and standards, thus allowing the said cleanrooms to be utilised for an increased number of purposes. This would allow us to reduce our reliance on the life sciences field. As at the LPD, we have not experienced any major industry slowdown which has adversely affected our business and financial performance in the past. However, there can be no assurance that any future downturn in the cleanroom industry will not adversely affect our operational and financial performance.

5.1.10 We are subject to political, economic and regulatory risks

Our Group's financial and business operations may be adversely affected by developments in political, economic and regulatory conditions in Malaysia. Political, economic and regulatory uncertainties include, but are not limited to, risk of war, change of governments, expropriation, nationalisation, change in tax policies, change in licence requirements, interest rate environment and currency exchange controls.

Whilst we continue to take measures such as careful planning in our financial management and ensuring efficient operating procedures, there is no assurance that adverse political, economic and regulatory conditions will not materially affect our Group.

5.2 Risks Relating to Investment in our Shares

5.2.1 We may not be able to proceed with or experience a delay in 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:

(a) Sophisticated Investors fail to subscribe for the Issue Shares; or

(b) 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.

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

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

Trading on the LEAP Market is limited to Sophisticated Investors. As such, liquidity for shares listed on the LEAP Market is expected to be lower as compared to other markets such as the Main Market and ACE Market.

There can be no assurance that the Issue Price, which has been determined after taking into consideration the factors as set out in Section 2.1.3 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 Proposed Listing.

5.2.3 Our Promoters can exercise significant control over our Group

Upon listing, our Promoters will collectively hold 73.1% of our enlarged issued share capital. As a result, our Promoters will have significant influence on the outcome of certain matters requiring the vote of our shareholders, unless our Promoters are required to abstain from voting by law and/or as required by the relevant authorities.

Our Company has appointed Mr. Ng Fun Kim as our Independent Non-Executive Director to play an active and independent role in our Board's deliberations to ensure, amongst others, that the interest of our minority shareholders are protected during any transactions involving related parties and are entered into on an arms' length basis and that good corporate governance practices are observed.

5.2.4 Our ability to pay dividends

Our Company, being an investment holding company, derives income mainly from dividends received from our subsidiaries. Hence, our ability to pay future dividends are largely dependent on the performance of our subsidiaries and the availability of distributable profits. In determining the amount of any dividends, 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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6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

6.1 Promoters and Substantial Shareholders

6.1.1 Shareholdings

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

	Before the Proposed Listing				After the Proposed Listing			
	Direct		Indirect		Direct		Indirect	
Promoters and substantial shareholders	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Tan Bii Chau	47,600	70.0	-	-	47,600	51.2	-	-
Tan Pin Yuan	20,400	30.0	-	-	20,400	21.9	-	-

6.1.2 Profiles of Promoters and substantial shareholders

(i) **Tan Bii Chau**

Tan Bii Chau, a Malaysian male aged 41, is our Promoter, Group Managing Director and substantial shareholder. He graduated with a Bachelor of Science in Mechanical Engineering in 2000 from the University of New Brunswick, Canada.

Upon graduation, Mr. Tan began his career in 2001 as a systems and applications engineer with Group Associated C&L Sdn Bhd, responsible for sales and design of HVAC systems, where he worked for 2 years.

Mr. Tan's career in the cleanroom industry began in 2003 when he joined our Group and was appointed as our Director. He was responsible for the management of our cleanroom development projects as well as the development of the SGLMS. Since then, he has been instrumental in the growth of our Group and responsible for overseeing the strategic business planning and direction of our Group. Presently, he is involved in the planning of our cleanroom development projects, overseeing project progress, continuous development of the SGLMS as well as the development of new business opportunities for our Group.

(ii) **Ir. Tan Pin Yuan**

Ir. Tan Pin Yuan, a Malaysian male aged 35, is our Promoter, Executive Director and substantial shareholder. He graduated with a Bachelor of Science in Mechanical Engineering in 2007 from the University of Saskatchewan, Canada. He is also a member of the Institution of Engineers, Malaysia since 2007 and registered with the Board of Engineers, Malaysia since 2013.

After his graduation, Ir. Tan started his career as an engineer in 2007 at G&P Mechanical & Electrical Sdn Bhd where he was involved in the designing and management of engineering projects. After 4 years, he joined MEG Consult Sdn Bhd in 2011 as a Senior Engineer and was tasked with carrying out project engineering works for clients involved in the property development industry. In 2012, he joined Norman Disney & Young Sdn Bhd, a global engineering consultancy company as a Senior Engineer. During his stint there, he was involved in various forms of consulting, design and project engineering works.

In 2014, he formed Greatians MPY Sdn Bhd (now known as 3YS Consulting Sdn Bhd), an engineering consulting firm. 3YS Consulting Sdn Bhd is mainly involved in the provision of consulting and project management services in the mechanical and electrical engineering field as well as its related engineering disciplines to clients. In 2017, Ir. Tan decided to take a backseat in 3YS Consulting Sdn Bhd to focus his efforts on developing our Group. Presently, he is retained as the firm's adviser for mechanical engineering and is not involved in the day-to-day operations.

Ir. Tan was appointed as a Director of SSSB in 2013 and subsequently took on an executive role in 2017. He is presently responsible for managing and implementing our Group's business plans and strategies while overseeing our Group's cleanroom development projects, sales and procurement.

Mr. Tan Bii Chau and Ir. Tan Pin Yuan are siblings.

6.2 Directors

6.2.1 Shareholdings of our Directors

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

		Before the Proposed Listing				After the Proposed Listing			
		Direct		Indirect		Direct		Indirect	
Directors	**Designation**	**No. of Shares ('000)**	**%**	**No. of Shares ('000)**	**%**	**No. of Shares ('000)**	**%**	**No. of Shares ('000)**	**%**
Tan Bii Chau	Group Managing Director	47,600	70.00	-	-	47,600	51.18	-	-
Ir. Tan Pin Yuan	Executive Director	20,400	30.00	-	-	20,400	21.94	-	-
Ng Fun Kim	Independent Non-Executive Director	-	-	-	-	-	-	-	-

6.2.2 Profiles of Directors

The profiles of Tan Bii Chau and Ir. Tan Pin Yuan who are also our Promoters and substantial shareholders are set out in Section 6.1.2 above.

(i) Ng Fun Kim

Ng Fun Kim, a Malaysian male aged 54, is our Independent Non-Executive Director. He studied for the Association of Chartered Certified Accountants, United Kingdom (ACCA) examinations while attached with the University of Central England Birmingham, United Kingdom and completed his course in 1992. He subsequently obtained his membership with the ACCA in 1997. He is also a registered member of the Malaysian Institute of Accountants. He was appointed to our Board on 24 April 2019.

He started his career in 1987 as a database programmer with a local information technology company. Mr. Ng then took a career break to further his studies. In 1992, after completing his studies, he was engaged with Wing Yip PLC in the United Kingdom as a programmer to customise their inventory and sales systems. Subsequently, he changed his career focus to audit where he worked in various audit firms in Malaysia and Singapore between 1994 and 2001. In between, Mr. Ng was appointed as the Financial Controller of the UA Aerospace group of companies from 1997 to 1998 where he was based in Bangkok, Thailand. Since 2001, he has been actively involved in consultancy work, focusing on business process improvements, internal controls and investigative audits. Presently, he is an Independent Non-Executive Director of Vizione Holdings Berhad.

Mr. Ng's appointment to our Board will benefit our Group as he is able to complement our other Directors by providing his independent and professional views, especially concerning financial, regulatory and corporate governance.

6.2.3 Directors' remuneration and benefits

The aggregate remuneration and material benefits-in-kind (*including any contingent or deferred compensation accrued for the year*) paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYE 2017 and FYE 2018 are as follows:

	No. of Directors	
Remuneration band	**FYE 2017**	**FYE 2018**
Executive Directors		
RM50,001 to RM100,000	1	1
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	-	1

Our Independent Non-Executive Director was only appointed to our Board on 24 April 2019 and as such, no remuneration was paid to him in the FYE 2017 and FYE 2018.

Our Directors' remuneration includes salaries, bonuses, fees and allowances as well as other benefits and employer's statutory contributions, whereby pursuant to our Constitution, the fees and benefits are subject to approval by our shareholders in a general meeting.

6.3 Key Management Personnel

6.3.1 Shareholdings

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

		Before the Proposed Listing				After the Proposed Listing			
		Direct		Indirect		Direct		Indirect	
Key management personnel	**Designation**	**No. of Shares ('000)**	**%**	**No. of Shares ('000)**	**%**	**No. of Shares ('000)**	**%**	**No. of Shares ('000)**	**%**
Tan Bii Chau	Group Managing Director	47,600	70.00	-	-	47,600	51.18	-	-
Ir. Tan Pin Yuan	Executive Director	20,400	30.00	-	-	20,400	21.94	-	-
Chan Wai Mun	Development Manager	-	-	-	-	-	-	-	-
Aiman Afiffudin Bin Ramlee	Group Finance Manager	-	-	-	-	-	-	-	-
Toh Lee Huat	General Manager	-	-	-	-	-	-	-	-

6.3.2 Profiles of key management personnel

Save for the profiles of Tan Bii Chau and Tan Pin Yuan which are set out in Section 6.1.2 above, the profiles of the key management personnel are as follows:

(i) Chan Wai Mun

Chan Wai Mun, a Malaysian male aged 43, is our Development Manager. He graduated with a Bachelor of Science in Electrical Engineering (with Computer Engineering) in 2000 from the University of New Brunswick, Canada.

He began his career with BCE Software Sdn Bhd as a software programmer in 2001 where he was responsible for the development of business software used for accounting, payroll and stock control purposes. In 2002, he joined Inix Technologies Sdn Bhd as a firmware programmer where he was involved in the design, development and implementation of the Company's in-house embedded system mainly used in security systems such as alarms and centralised security monitoring systems. He left Inix Technologies Sdn Bhd and joined Tranquil Plus Sdn Bhd in 2008 as its firmware programmer. He was tasked with the designing of the company's embedded systems including its electronic, printed circuit board ("**PCB**") and firmware components used in automobiles.

In 2011, Mr. Chan joined our Group as our firmware programmer and was promoted to his current position of Development Manager in 2019. He is responsible for the continuous development of the SGLMS, including its electronic, PCB and firmware components, as well as its web monitoring application. In addition, he is also tasked with the installation of the SGLMS for our Group's cleanroom development projects.

(ii) Aiman Afiffudin Bin Ramlee

Aiman Afiffudin Bin Ramlee, a Malaysian male aged 30, is our Accounts and Finance Manager. He obtained a Diploma in Accountancy from Kolej Profesional Mara Kuantan, Pahang in 2010 and a Bachelor of Accounting in 2013 from Universiti Tenaga Nasional Muadzam Shah, Pahang. He has been a Chartered Accountant of the Malaysian Institute of Accountants since 2017.

He began his career in Morison Anuarul Azizan Chew as an Audit Officer in 2014 where he was responsible to carry out the external audit functions for clients. In 2015, he joined Total International Associates as a Senior Audit Associate where he was tasked with carrying out internal and external audit functions for clients.

He joined our Group in his current position in 2018 and is responsible for overseeing our Group's accounting and finance functions.

(iii) Toh Lee Huat

Toh Lee Huat, a Malaysian male aged 41, is our General Manager. He obtained a Diploma in Business Studies (Business Administration) in 2001 and an Advanced Diploma in Business Studies (Business Administration) from in 2003, both from Kolej Tunku Abdul Rahman.

Upon graduation, he began his career in 2003 with Supercomal Technologies Berhad as a sales executive where he was responsible for client relationship and management. In 2009, he joined Control Points Technology Sdn Bhd as a sales executive where he was responsible for client and distributor relationship and management. In 2011, he joined Sensorlink Sdn Bhd as an Account Manager where he was tasked with client relationship and management as well as the designing of surveillance systems according to customers' needs.

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

In 2014, Mr. Toh joined our Group as our site manager, responsible for monitoring the progress of cleanroom development projects. He was promoted to our General Manager in 2019 and heads our project team. He is also responsible for our Group's sales and provision of after sales service.

6.4 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 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:

(i) Tan Bii Chau, our Promoter, substantial shareholder, Group Managing Director and key management personnel

Company	Involvement (Director/ Shareholder)	Principal activities
Avery Wellness Sdn Bhd	Director and shareholder	Dormant
Tsung Dao (M) Sdn Bhd[(1)]	Director and shareholder	Dormant

Note:
(1) Shareholdings disposed on 24 April 2019 and resigned as director on 26 April 2019.

(ii) Tan Pin Yuan, our Promoter, substantial shareholder, Executive Director and key management personnel

Company	Involvement (Director/ Shareholder)	Principal activities
3YS Consulting Sdn Bhd	Director and shareholder	Provision of consulting and project management services in the mechanical and electrical engineering field
Xense Design Sdn Bhd	Director and shareholder	Provision of consultancy services in the construction industry

(iii) Ng Fun Kim, our Independent Non-Executive Director

Company	Involvement (Director/ Shareholder)	Principal activities
Vizione Holdings Berhad	Director	Investment holding

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

6.5 Relationships or Associations

Other than the relationship between Tan Bii Chau and Ir. Tan Pin Yuan, who are siblings, there are no family (the term "a member of the director's family" as defined in Section 197(2) of the Act) relationships or association between our Promoters, substantial shareholders, Directors and key management personnel.

6.6 Related Party Transactions

Under the Listing Requirements, a "related party transaction" is a transaction entered into between the listed corporation or any of its subsidiaries and a related party. A "related party" of a listed issuer 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 who has an interest of 10% or more of the total number of voting shares in a corporation; or

(iii) a person connected with such director or substantial shareholder.

Our Board confirms that there are no existing or presently proposed related party transactions entered into between our Group and our Directors, substantial shareholders and/or persons connected with them for the FYE 2018 and subsequent period up to the LPD.

Upon listing, in the event of a related party transaction, our Board will ensure that it will be 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 our 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 an 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 the general meeting.

6.7 Interests in Similar Business and Other Conflicts of Interest

None of our Promoters, substantial shareholders, Directors and key management personnel have any interest, direct or indirect, in other businesses or corporations carrying on a trade similar to that of our Group, or businesses or corporations which are also our customers or suppliers as at the LPD.

Notwithstanding the above, in the event of a potential conflict of interest situation, such Promoters, substantial shareholders, and Directors and/or persons connected with 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.

6.8 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 of during the FYE 2017, FYE 2018 and up to the LPD.

There are no outstanding loans, including guarantees of any kind made by our Group to or for the benefit of related parties during the FYE 2017, FYE 2018 and up to the LPD.

6.9 Employees

A summary of our Group's total workforce by category as at 31 December 2018 as well as at the LPD is set out below:

	No. of employees	
Category	**As at 31 December 2018**	**As at the LPD**
Directors	2	2
Key management personnel	3	3
Technical	3	6
Non-technical	1	1
Total	**9**	**12**

	Length of Service (Years)			
Category	**Less than 1 year**	**More than 1 year but less than 5 years**	**More than 5 years**	**Total number of employees as at the LPD**
Directors	-	1	1	2
Key management personnel	1	1	1	3
Technical	5	1	-	6
Non-technical	-	-	1	1
Total	**6**	**3**	**3**	**12**

As at the LPD, we have a total workforce of 12 permanent employees including our Group Managing Director and Executive Director, all of which are Malaysians. None of our employees belong to any trade unions and we enjoy good working relationship with our employees. Thus, we have not experienced or expect to experience any major turnover in our workforce. Our Independent Non-Executive Director, Mr. Ng Fun Kim is not considered to be a member of our workforce, as he has been appointed in a non-executive capacity.

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7. FINANCIAL INFORMATION

7.1 Combined Statements of Profit or Loss and Other Comprehensive Income

The following table sets out the historical audited combined statements of profit or loss and other comprehensive income for the FYE 2017 and FYE 2018 as well as the historical unaudited combined statements of profit or loss and other comprehensive income for the FPE 2018 and FPE 2019 which have been extracted from our audited combined financial statements for the FYE 2017 and FYE 2018 and unaudited combined financial statements for the FPE 2018 and FPE 2019 as set out in Appendix I and Appendix II of this Information Memorandum respectively. The financial information below should be read in conjunction with the Management Discussion and Analysis in Section 8 of this Information Memorandum:

	<-------Audited------->		<-------Unaudited------->	
	FYE 2017	**FYE 2018**	**FPE 2018**	**FPE 2019**
	RM	**RM**	**RM**	**RM**
Revenue	5,242,648	6,655,664	1,869,400	3,460,551
Cost of sales	(4,036,514)	(3,855,982)	(1,227,513)	(2,650,403)
GP	1,206,134	2,799,682	641,887	810,148
Other operating income	4	51	1	16
Administrative expenses	(808,448)	(741,500)	(283,162)	(481,777)
Finance costs	(44,739)	(71,505)	(33,931)	(42,283)
Profit before taxation	352,951	1,986,728	324,795	286,104
Taxation	(26,397)	(469,221)	(77,951)	(68,665)
Profit after taxation	326,554	1,517,507	246,844	217,439
EBITDA	533,190	2,212,576	423,139	391,752
GP margin (%)[(1)]	23.0	42.0	34.3	23.4
PBT margin (%)[(2)]	6.7	29.9	17.4	8.3
PAT margin (%)[(3)]	6.2	22.8	13.2	6.3
EPS (sen)[(4)]	0.4	1.6	0.3	0.2

Notes:

(1) Computed based on GP divided by revenue.

(2) Computed based on PBT divided by revenue.

(3) Computed based on PAT divided by revenue

(4) Computed based on PAT divided by 93,000,000 Shares, being our Company's enlarged number of shares outstanding after the Excluded Issue.

7. FINANCIAL INFORMATION (*Cont'd)*

7.2 Combined Statements of Financial Position

The following table sets out the historical audited combined statements of financial position as at 31 December 2017 and 2018 as well as the historical unaudited combined statements of financial position as at 31 May 2018 and 2019 which have been extracted from our audited combined financial statements for the FYE 2017 and FYE 2018 and unaudited combined financial statements for the FPE 2018 and FPE 2019 as set out in Appendix I and Appendix II of this Information Memorandum respectively. The financial information below should be read in conjunction with the Management Discussion and Analysis in Section 8 of this Information Memorandum:

	<-------Audited------->		<-------Unaudited------>	
	FYE 2017	**FYE 2018**	**FPE 2018**	**FPE 2019**
	RM	**RM**	**RM**	**RM**
ASSETS				
Non-Current Assets				
Property, plant and equipment	1,648,209	1,508,424	1,586,795	1,451,597
Deferred tax assets	39,129	-	39,129	-
Total Non-Current Assets	1,687,338	1,508,424	1,625,924	1,451,597
Current assets				
Trade receivables	1,618,159	2,354,438	523,405	2,838,616
Contract assets	-	869,325	1,200,000	869,325
Other receivables	104,476	317,440	123,721	359,463
Tax recoverable	84,613	-	49,162	-
Cash and bank balances	8,733	57,082	53,425	56,096
Total Current Assets	1,815,981	3,598,285	1,949,713	4,123,500
TOTAL ASSETS	**3,503,319**	**5,106,709**	**3,575,637**	**5,575,097**
EQUITY AND LIABILITIES				
Equity				
Share capital	250,100	250,100	250,100	250,200
(Accumulated losses)/Retained earnings	(27,825)	1,489,682	219,019	1,707,121
Total Equity	222,275	1,739,782	469,119	1,957,321
Non-Current Liabilities				
Finance lease liabilities	196,042	155,001	179,222	137,219
Bank borrowings	889,056	868,811	885,558	1,216,197
Deferred tax liabilities	-	31,429	-	31,429
Total Non-Current Liabilities	1,085,098	1,055,241	1,064,780	1,384,845
Current Liabilities				
Trade payables	998,381	1,183,619	837,892	726,686
Contract liabilities	545,607	561,769	657,836	714,556
Other payables	112,579	109,193	75,423	115,064
Amount owing to a Director	96,777	109,896	82,318	72,079
Finance lease liabilities	41,458	41,041	39,694	42,003
Bank borrowings	401,144	101,618	348,575	339,328
Provision for taxation	-	204,550	-	223,215
Total Current Liabilities	2,195,946	2,311,686	2,041,738	2,232,931
Total Liabilities	3,281,044	3,366,927	3,106,518	3,617,776
TOTAL EQUITY AND LIABILITIES	**3,503,319**	**5,106,709**	**3,575,637**	**5,575,097**

7. FINANCIAL INFORMATION (*Cont'd)*

7.2 Combined Statements of Financial Position (*Cont'd*)

The following table sets out a summary of the pro forma combined statements of financial position of our Group to show the pro forma effects after the Acquisitions, the Excluded Issue and the utilisation of proceeds raised based on the audited statements of financial position of our Company as at 31 December 2018:

	As at 31 December 2018 RM	(I) [(1)]After the Acquisitions RM	(II) [(2)]After (I) and the Excluded Issue RM	(III) [(3)]After (II) and the utilisation of proceeds RM
ASSETS				
Non-Current Assets				
Property, plant and equipment	-	1,508,424	1,508,424	1,508,424
Intangible assets	-	-	-	1,000,000
Total Non-Current Assets	-	1,508,424	1,508,424	2,508,424
Current assets				
Trade receivables	-	2,354,438	2,354,438	2,354,438
Deposits and prepayments	-	317,440	317,440	317,440
Contract assets	-	869,325	869,325	869,325
Cash and bank balances	3,411	57,082	5,057,082	2,057,082
Total Current Assets	3,411	3,598,285	8,598,285	5,598,285
TOTAL ASSETS	**3,411**	**5,106,709**	**10,106,709**	**8,106,709**
EQUITY AND LIABILITIES				
Equity				
Share capital	100	1,700,098	6,700,098	6,431,281
Retained profits	(8,199)	1,489,682	1,489,682	(241,501)
Other reserves	-	(1,449,998)	(1,449,998)	(1,449,998)
Total Equity	(8,099)	1,739,782	6,739,782	4,739,782
Non-Current Liabilities				
Finance lease liabilities	-	155,001	155,001	155,001
Term loan	-	868,811	868,811	868,811
Deferred tax liabilities	-	31,429	31,429	31,429
Total Non-Current Liabilities	-	1,055,241	1,055,241	1,055,241
Current Liabilities				
Trade payables	-	1,183,619	1,183,619	1,183,619
Accrual and other payables	5,110	109,193	109,193	109,193
Contract liabilities	-	561,769	561,769	561,769
Financial lease liabilities	-	41,041	41,041	41,041
Term loan	-	20,928	20,928	20,928
Amount due to a director	6,400	109,896	109,896	109,896
Tax payable	-	204,550	204,550	204,550
Bank overdraft	-	80,690	80,690	80,690
Total current liabilities	11,510	2,311,686	2,311,686	2,311,686
Total Liabilities	11,510	3,366,927	3,366,927	3,366,927
TOTAL EQUITY AND LIABILITIES	**3,411**	**5,106,709**	**10,106,709**	**8,106,709**

7. FINANCIAL INFORMATION (*Cont'd)*

Notes:

(1) Upon completion of the Acquisitions via the issuance of 67,999,900 new Shares at an issue price of RM0.025 per Share.

(2) Upon completion of the Excluded Issue which comprises of the issuance of 25,000,000 new Shares at the Issue Price to Sophisticated Investors.

(3) Upon utilisation of proceeds raised from the Excluded Issue.

7.3 Combined Statements of Cash Flows

The following table sets out the historical combined statements of cash flow for the FYE 2017 and FYE 2018 as well as the historical unaudited combined statements of cash flow for the FPE 2018 and FPE 2019 which have been extracted from our audited combined statements of profit or loss and other comprehensive income for FYE 2017 and FYE 2018 and unaudited combined financial statements for the FPE 2018 and FPE 2019 as set out in Section 7.1 above. The financial information below should be read in conjunction with the Management Discussion and Analysis in Section 8 of this Information Memorandum:

	<-------Audited------->		<------Unaudited------>	
	FYE 2017 RM	**FYE 2018 RM**	**FPE 2018 RM**	**FPE 2019 RM**
CASH FLOWS FOR OPERATING ACTIVITIES				
Profit before taxation	352,951	1,986,728	324,795	286,104
Adjustments for:				
Depreciation of property, plant and equipment	135,504	154,394	64,414	63,381
Impairment loss of trade receivables	-	31,453	-	-
Interest expenses	44,739	71,505	33,931	42,283
Interest income	(4)	(51)	(1)	(16)
Operating profit before working capital changes	533,190	2,244,029	423,139	391,752
Changes in working capital:				
Trade and other receivables	(834,105)	(980,696)	1,075,559	(526,201)
Contract assets and liabilities	545,607	(853,163)	(1,087,771)	152,787
Amount owing to directors	156,529	13,119	(14,509)	(37,817)
Trade and other payables	198,166	181,852	(197,645)	(451,062)
Cash generated from/(used in) operating activities	599,387	605,141	198,773	(470,541)
Interest paid	(44,739)	(71,505)	(33,931)	(42,283)
Interest received	4	51	1	16
Tax paid	(257,822)	(109,500)	(42,500)	(50,000)
Net cash generated from/(used in) operating activities	**296,830**	**424,187**	**122,343**	**(562,808)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(329,718)	(14,609)	(3,000)	(6,554)
Net cash used in investing activities	**(329,718)**	**(14,609)**	**(3,000)**	**(6,554)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of bank borrowings	-	-	-	400,000
Proceeds from issuance of share capital	100	-	-	100
Repayment of term loan	(3,997)	(27,984)	(24,797)	(14,732)
Repayment of finance lease liabilities	(26,023)	(41,458)	(1,764)	(16,820)
Net cash used in financing activities	**(29,920)**	**(69,442)**	**(26,561)**	**368,548**

7. FINANCIAL INFORMATION (*Cont'd)*

	<-------Audited------->		<------Unaudited------>	
	FYE 2017 RM	**FYE 2018 RM**	**FPE 2018 RM**	**FPE 2019 RM**
Net (decrease)/increase in cash and cash equivalents	(62,808)	340,136	92,782	(200,814)
Cash and cash equivalents at beginning of the financial year/period	(300,936)	(363,744)	(363,744)	(23,608)
Cash and cash equivalents at end of the financial year/period	**(363,744)**	**(23,608)**	**(270,962)**	**(224,422)**
Cash and cash equivalents at the end of the financial year/period comprises:				
Cash and bank balances	8,733	57,082	53,425	56,096
Bank overdraft	(372,477)	(80,690)	(324,387)	(280,518)
	(363,744)	(23,608)	(270,962)	(224,422)

Our Group recorded a positive net operating cash flow during the Periods under Review save for the FPE 2019. The negative operating cashflow recorded in FPE 2019 was primarily due to the increased receivables where our customers have utilised the credit terms which we have granted to them. Conversely, our payables did not increase in tandem with the receivables as we decided to capitalise on discounts offered by suppliers and service providers by paying promptly.

The Board has reviewed our Group's negative cash and cash equivalents at the end of each of the Periods under Review and is of the opinion that our Group will have adequate working capital to meet our present and foreseeable requirements for a period of at least 12 months from the date of this Information Memorandum. This opinion has taken into consideration amongst other factors, our net current assets position of RM1.27 million as at FYE 2018 and RM1.89 million as at FPE 2019, the funds to be generated from our business, our existing banking facilities as well as the proceeds from the Excluded Issue.

In addition, during each of the Periods under Review, our Group's available bank facilities for working capital purposes are as follows:

	FYE 2017 RM	**FYE 2018 RM**	**FPE 2018 RM**	**FPE 2019 RM**
Total available bank facilities for working capital purposes	422,736	422,736	422,736	822,736
Utilised bank facilities	(395,213)	(103,426)	(347,124)	(703,254)
Available bank facilities	27,523	319,310	75,612	119,482

Taking into consideration the pro forma effects of the available bank facilities of RM0.32 million and RM0.12 million for the FYE 2018 and FPE 2019 respectively, coupled with the proceeds of RM2.0 million to be raised from the Excluded Issue allocated for working capital purposes our board is of the opinion that our Group will have adequate working capital for at least a period of 12 months from the date of this Information Memorandum.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis of our past finances and results of operations should be read in conjunction with our audited combined financial statements for the FYE 2017 and FYE 2018 and unaudited combined financial statements for the FPE 2018 and FPE 2019 as set out in the Appendix I and Appendix II of this Information Memorandum respectively.

This discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our 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” set out in Section 5 of this Information Memorandum.

8.1 Overview

We are principally involved in the provision of integrated turnkey solutions for the development of cleanrooms and the provision of management services for cleanrooms. Please refer to Section 4 of this Information Memorandum for further information on our business.

Please refer to Section 8.10 below for significant factors which affect our financial position and results of operations.

8.2 Revenue

Our Company is primarily an investment holding company which does not derive any third-party revenues. Our Group’s revenue for the financial years under review was derived from the provision of integrated turnkey solutions for the development of cleanrooms and the provision of management services for cleanrooms. Our revenue is recognised based on the following 2 segments:

(i) Integrated turnkey solutions

Revenue from our provision of integrated turnkey solutions for cleanroom development projects by reference to each distinct performance obligation set out in the contract with customer when or as we transfer the control of the goods or services described in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with a customer, the control of the promised goods or services may transfer over time or at a point in time.

Our provision of integrated turnkey solutions for cleanroom development projects consists of facility planning, designing, constructing, installing and validating of cleanrooms in order to create an indoor environment suitable for activities which require a certain air quality. This also includes the installation of the SGLMS.

(ii) Cleanroom management services

Revenue from provision of management services for cleanrooms is recognised upon completion of the services rendered and acceptance by the customers. The amount recognised is determined after taking into account the total contract sum, the contract duration and the services to be rendered pursuant to the contract.

Our provision of management services for cleanrooms includes the control, maintenance and monitoring as well as the servicing of cleanroom equipment installed within the cleanrooms.

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

During the Period under Review, the sole revenue contribution of our Group was from SSSB as our other subsidiary SLSSB was only incorporated on 6 March 2019 and was dormant during the FPE 2019. The following tables sets out the breakdown of revenue of our Group based on types of services rendered and projects undertaken by our Group during the Period under Review:

(i) By type of services rendered

	<-------Audited------->				<-------Unaudited------->			
	FYE 2017		FYE 2018		FPE 2018		FPE 2019	
Revenue	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Integrated turnkey solutions	5,243	100.0	6,479	97.3	1,780	95.2	3,356	97.0
Cleanroom management services	-	-	177	2.7	89	4.8	105	3.0
Total	**5,243**	**100.0**	**6,656**	**100.0**	**1,869**	**100.0**	**3,461**	**100.0**

(ii) By project

	<-------Audited------->				<-------Unaudited------->			
	FYE 2017		FYE 2018		FPE 2018		FPE 2019	
Revenue	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Integrated turnkey solutions for an In Vivo Biosafety Level 2 animal facility located in Setia Alam	3,750	71.5	-	-	-	-	-	-
Integrated turnkey solutions for an IVF centre located in Kuala Lumpur	342	6.5	181	2.8	163	9.2	41	1.2
Installation of SGLMS at an embassy located in Kuala Lumpur	117	2.2	18	0.3	-	-	43	1.3
Integrated turnkey solutions for a Traditional Chinese Medicine Centre in Petaling Jaya, Selangor	109	2.1	39	0.6	39	2.2	-	-
Integrated turnkey solutions for a biology laboratory in Kapar, Selangor	89	1.7	-	-	-	-	-	-
Integrated turnkey solutions for a stem cell laboratory in Seri Kembangan, Selangor	-	-	4,739	73.1	1,375	77.2	679	20.2
Integrated turnkey solutions for a diagnostics laboratory in Subang, Selangor	-	-	159	2.4	-	-	-	-
Integrated turnkey solutions for a molecular laboratory in Subang, Selangor	-	-	114	1.8	-	-	-	-
Integrated turnkey solutions for an IVF centre located in Shah Alam, Selangor	-	-	109	1.7	-	-	2,566	76.5
HVAC upgrading projects	507	9.7	892	13.8	-	-	22	0.7
Others	329	6.3	228	3.5	203	11.4	5	0.1
Total	**5,243**	**100.0**	**6,479**	**100.0**	**1,780**	**100.0**	**3,356**	**100.0**

Our revenue for the FYE 2018 increased from RM5.24 million in the FYE 2017 to RM6.65 million, representing an increase of RM1.41 million or 26.9%. This was mainly due to the increase in the revenue recognised from provision of integrated turnkey solutions for the development of cleanroom which increased by RM1.24 million or 23.7% from RM5.24 million in the FYE 2017 to RM6.48 million in the FYE 2018. The increase in revenue for the FYE 2018 was mainly attributable to the contract secured for the development of a stem cell

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

laboratory located in Seri Kembangan, Selangor which contributed RM4.74 million for the said financial year.

In addition, our Group commenced recognition of revenue from cleanroom management services in the FYE 2018 from our first maintenance contract secured for an IVF centre located in Kuala Lumpur. Our provision of management services contributed RM0.18 million during the FYE 2018.

For the FPE 2019, our Group's revenue increased from RM1.87 million for the FPE 2018 to RM3.46 million, representing an increase of RM1.59 million or 85.0%. This increase was primarily attributable to revenue generated from our provision of integrated turnkey solutions for the development of an IVF centre located in Shah Alam, Selangor which contributed RM2.6 million for the FPE 2019.

Our revenue generated from cleanroom management services remained fairly constant for the FPE 2018 and FPE 2019 at RM0.1 million.

8.3 Cost of Sales

We price our contracts secured for the provision of integrated turnkey solutions and provision of management services based on cost estimates. Based on the terms of these contracts, the prices that we submit in our tender bids or negotiate in our contracts are fixed, with the exception of variation orders as approved by our customers. The major cost components for integrated turnkey solutions are sub-contractor costs, material costs and project staff costs while for management services, the major cost components are material costs and project staff costs.

The following tables sets out the breakdown of cost of sales for our Group based on types of services rendered and cost components during the Period under Review:

(i) By type of services rendered

	<-------Audited------->				<-------Unaudited------->			
	FYE 2017		**FYE 2018**		**FPE 2018**		**FPE 2019**	
Cost of sales	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Integrated turnkey solutions	4,037	100.0	3,837	99.5	1,218	99.2	2,639	99.6
Cleanroom management services	-	-	19	0.5	10	0.8	11	0.4
Total	**4,037**	**100.0**	**3,856**	**100.0**	**1,228**	**100.0**	**2,650**	**100.0**

(ii) By cost component

	<-------Audited------->				<-------Unaudited------->			
	FYE 2017		**FYE 2018**		**FPE 2018**		**FPE 2019**	
Cost of sales	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Sub-contractor costs	3,304	81.8	3,046	79.0	813	66.2	1,726	65.1
Material costs	570	14.1	588	15.2	330	26.9	762	28.8
Project staff costs	163	4.1	222	5.8	85	6.9	162	6.1
Total	**4,037**	**100.0**	**3,856**	**100.0**	**1,228**	**100.0**	**2,650**	**100.0**

Notwithstanding the increase in revenue, our cost of sales for the FYE 2018 reduced from RM4.04 million from the previous year to RM3.86 million, representing a decrease of RM0.18 million or 4.5%. This was mainly due to increased efficiencies in project management by our team which resulted in a reduction of RM0.3 million or 9.1% in sub-contractor costs incurred which decreased from RM3.3 million in the FYE 2018 to RM3.0 million in the FYE 2017. However, this was marginally offset by the increase in material costs and project staff cost incurred during the FYE 2018 due to the increased number of projects undertaken during the financial year under review.

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

While revenues for the FPE 2019 increased by 85.0% as compared to the FPE 2018, our cost of sales for the FPE 2019 more than doubled to RM2.65 million from RM1.23 million in the FPE 2018, representing an increase of RM1.42 million or 115.4%. This was due to across the board increases in cost components during the FPE 2019, namely sub-contractor costs which increased by 113.6%, material costs which increased by 130.9% and project staff costs which increased by 90.6%. The increase in sub-contractor and material costs was partly due to the implementation of the sales and services tax which commenced in October 2018. The increase in project staff costs was due to the increase in the number of staff employed.

8.4 GP and GP Margins

The following tables sets out the breakdown of our Group's GP and GP margins based on types of services rendered during the Period under Review:

(i) GP

	<-------Audited------->				<-------Unaudited------->			
	FYE 2017		**FYE 2018**		**FPE 2018**		**FPE 2019**	
GP	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Integrated turnkey solutions	1,206	100.0	2,642	94.3	563	87.7	716	88.4
Cleanroom management services	-	-	158	5.7	79	12.3	94	11.6
Total	**1,206**	**100.0**	**2,800**	**100.0**	**642**	**100.0**	**810**	**100.0**

(ii) GP margin

	<-------Audited------->		<-------Unaudited------->	
	FYE 2017	**FYE 2018**	**FPE 2018**	**FPE 2019**
GP margin	**%**	**%**	**%**	**%**
Integrated turnkey solutions	23.0	40.8	31.6	21.3
Cleanroom management services	-	89.3	88.8	89.5
Overall GP margin	23.0	41.8	34.3	23.4

Our Group's GP increased by RM1.57 million or 129.8%, from RM1.21 million in the FYE 2017 to RM2.78 million in the FYE 2018.The increase in our Group's GP for the FYE 2018 was in line with the increase of our Group's revenue by 26.9% coupled with the decrease in our Group's cost of sales by 4.5% during the said financial year as compared to the FYE 2017.

Our Group's GP margin for the FYE 2018 also increased to 41.8% from 23.0% due to the higher GP margins recognised for our provision of integrated turnkey solutions activities which increased from 23.0% to 40.8%. This was mainly attributable to the new contract awarded for the provision of integrated turnkey solutions for a stem cell laboratory in Seri Kembangan, Selangor which contributed 73.1% of revenue during the FYE 2018. As this contract was awarded by a foreign client, our Group earned a stronger profit margin from additional services provided, such as advising and educating the client on local regulatory requirements and training for the usage of cleanroom equipment and recording of cleanroom data according to local standards.

For the FPE 2019, our Group's GP increased by RM0.17 million or 26.6% from RM0.64 million for the FPE 2018 to RM0.81 million. The increase in our Group's GP for the FPE 2019 was attributable to the increase in revenue of 85.0% but dampened slightly by the increase in our cost of sales of 115.4% as compared to the FPE 2018. Our Group's overall GP margin decreased from 34.3% to 23.4% after completion of the stem cell laboratory in Seri Kembangan which carried stronger profit margins.

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

8.5 Other Operating Income

Other operating income arising from interest received in respect of bank balances was insignificant during the respective financial periods and years under review.

8.6 Administrative Expenses

The following table sets out a breakdown of our Group's administrative expenses for the Period under Review:

	<-------Audited------->				<-------Unaudited------->			
	FYE 2017		FYE 2018		FPE 2018		FPE 2019	
Administrative expenses	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Staff costs	391	48.4	395	53.3	180	63.6	317	65.8
Depreciation	136	16.8	154	20.8	64	22.6	63	13.1
Professional fees and fees paid to authorities	84	10.4	35	4.7	4	1.4	25	5.2
Utilities and maintenance	77	9.5	45	6.1	12	4.2	12	2.5
Travelling	42	5.2	52	7.0	11	3.9	10	2.1
Insurance	30	3.7	4	0.5	4	1.4	18	3.7
Impairment	-	-	32	4.3	-	-	-	-
Others	48	6.0	24	3.3	8	2.9	37	7.6
Total	**808**	**100.0**	**741**	**100.0**	**283**	**100.0**	**482**	**100.0**

Our Group's administrative expenses reduced by RM0.1 million or 12.5%, from RM0.8 million in the FYE 2017 to RM0.7 million in the FYE 2018. This was mainly attributable to lower utilities and maintenance, insurance, as well as professional fees and fees paid to authorities incurred in FYE 2018 which had decreased by 41.6%, 86.7% and 58.3% respectively. This was partially mitigated by an impairment expense due to write-off of trade receivables of RM0.03 million and an increase in depreciation expenses of 13.2% in the FYE 2018.

For the FPE 2019, our Group's administrative expenses increased from RM0.28 million in the FPE 2018 to RM0.48 million, representing an increase of RM0.2 million or 71.4%. This was mainly attributable to the increase in staff costs which had increased from RM0.18 million for the FPE 2018 to RM0.32 million for the FPE 2019, representing an increase of RM0.14 million or 77.8% due to the increase in the number of staff as well as an overall adjustment to employees' salary.

8.7 Finance Costs

The following table sets out a breakdown of our Group's finance costs for the Period under Review:

	<-------Audited------->				<-------Unaudited------->			
	FYE 2017		FYE 2018		FPE 2018		FPE 2019	
Finance costs	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Term loan interest	14	31.1	43	59.7	20	58.8	32	76.2
Bank overdraft interest	10	22.2	18	25.0	9	26.5	6	14.3
Finance lease interest	21	46.7	11	15.3	5	14.7	4	9.5
Total	**45**	**100.0**	**72**	**100.0**	**34**	**100.0**	**42**	**100.0**

Our Group incurred higher finance costs amounting to RM0.07 million in the FYE 2018 as compared to RM0.05 million in the FYE 2017. The increase in finance costs was mainly attributable to the increase in the term loan interest incurred which increased from RM0.01 million in the FYE 2017 to RM0.04 million in the FYE 2018. The increase in the term loan was utilised to finance the acquisition of our current office in July 2017.

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

Our Group's finance costs increased from RM0.03 million for the FPE 2018 to RM0.04 million for the FPE 2019. The slight increase in finance costs was due to the increase in term loan interest incurred which increased from RM0.02 million to RM0.03 million due to the additional bank borrowings drawn down in the FPE 2019 to finance project working capital.

8.8 PAT and PAT Margins

Our Group's PAT and PAT margin for the FYE 2018 had increased from RM0.3 million and 6.2% in the FYE 2017 to RM1.5 million and 22.8% in the FYE 2018 respectively. The increase in our Group's PAT represents an increase of RM1.2 million. The increase in PAT was as a result of the increase in GP as well as a reduction in administrative expenses. The improvement in the PAT margin was due to the improved GP margin contributed from the integrated turnkey solution projects which carried a higher profit margin during the FYE 2018.

8.9 Key Financial Ratios

The following table sets out the key financial ratios of our Group for the Period under Review:

	FYE 2017	**FYE 2018**	**FPE 2018**	**FPE 2019**
Trade receivables turnover period (days) (1)	84	109	86	113
Trade payables turnover period (days) (2)	85	103	113	54
Current ratio (times) (3)	0.8	1.6	1.0	1.8
Gearing ratio (times) (4)	6.7	0.7	3.1	0.9

Notes:

(1) Calculated based on the average opening and closing trade receivables' balances as at the respective balance sheet date over total revenue.

(2) Calculated based on the average opening and closing trade payables' balances as at the respective balance sheet date over total cost of sales.

(3) Calculated based on the total current assets over the total current liabilities as at the respective balance sheet date.

(4) Calculated based on the total borrowings over shareholders' funds as at the respective balance sheet date.

(i) Trade receivables

The normal credit period generally granted to our customers is between 30 days and 90 days. Nonetheless, our credit terms to customers are assessed and approved on a case by case basis.

Our trade receivables turnover period for the FYE 2017 of 84 days falls within our normal credit period granted by us to our customers. However, our increased trade receivables turnover period for the FYE 2018 of 109 days was mainly due to the timing of recognition of the trade receivables as approximately 85% of the trade receivables balance as at 31 December 2018 was recorded during the 4th quarter of the FYE 2018. Similarly, our increased trade receivables turnover period for the FPE 2019 of 113 days was as a result of approximately 70.2% of the trade receivables balance as at 31 May 2019 was only recorded during May 2019. As trade receivables turnover period is based on the average of the opening and closing balance of trade receivables for a particular financial period, having a disproportionate amount of receivables either at the start or end of the period may provide a skewed result. Notwithstanding the majority of trade receivables recognised in the 4th quarter for the FYE 2018 and May 2019 for the FPE 2019, there is no fixed recognition period for our trade receivables. This is because trade receivables are recognised in accordance with the recognition of revenue which is dependent on the timing of completion of performance obligations as set out in our contracts with customers.

The ageing analysis of our trade receivables as at 31 December 2018 is as follows:

	Within credit period RM'000	Exceeding credit period Less than 60 days RM'000	Over 60 days RM'000	Total RM'000
Trade receivables	2,042	-	344	2,386
Less: Provision for doubtful debts	-	-	(31)	(31)
Net trade receivables	2,042	-	313	2,355
Percentage of trade receivables (%)	86.7%	-	13.3%	100.0%
Subsequent collections up to the LPD	2,035	-	119	2,154
Outstanding balances as at the LPD	7	-	194	201

As at the LPD, RM2.2 million or 91.7% of the total trade receivables outstanding of RM2.4 million as at 31 December 2018 have been collected while RM0.2 million or 8.3% remains outstanding. Our management is of the view that the remaining outstanding balances as at the LPD of RM0.2 million is recoverable and no additional provision for impairment is required after taking into account the customers' credentials, payment track record and the good relationships with our customers. The provision of doubtful debts of RM0.03 million made as at the FYE 2018 was due to amounts from customers which are long overdue and recommended to be provided for by our auditors pursuant to the relevant accounting standard.

For illustrative purposes, the ageing analysis of our trade receivables as at 31 May 2019 is as follows:

	Within credit period RM'000	Exceeding credit period Less than 60 days RM'000	Over 60 days RM'000	Total RM'000
Trade receivables	1,993	-	877	2,870
Less: Provision for doubtful debts	-	-	(31)	(31)
Net trade receivables	1,993	-	846	2,839
Percentage of trade receivables (%)	70.2%	-	29.8%	100.0%
Subsequent collections up to the LPD	1,992	-	646	2,638
Outstanding balances as at the LPD	1	-	200	201

As at the LPD, RM2.6 million or 92.9% of the total trade receivables as at 31 May 2019 have been collected. Our management is of the view that the balance outstanding of RM0.2 million or 7.1%, including the RM0.2 million trade receivables which is more than 60 days over the credit period, is recoverable and no provision for impairment is required after taking into account the customers' credentials, payment track record and our good relationships with our customers.

(ii) Trade payables

The normal credit period generally granted to us by our suppliers and service providers is between 30 days and 90 days. Our trade payables are mainly amounts owing to our sub-contractors.

Our trade payables turnover period of 85 days for the FYE 2017 is within the normal credit terms granted to our Group by our suppliers/service providers. However, our increased trade payables turnover period of 103 days for the FYE 2018 was due to the timing of recognition of the trade payables as approximately 82% of the trade payables balance as at 31 December 2018 was recorded in the 4th quarter of the FYE 2018, in line with the recognition of our trade receivables during the period. As at 31 December 2018, our Group's outstanding trade payables was RM1.2 million. As at the LPD, our Group has settled RM1.1 million or 91.7% of the trade payables outstanding as at FYE 2018. Our management is of the view that our Group has the ability to make good the remaining payments and the outstanding payments would not jeopardise our Group's relationship with our suppliers/services providers.

Our Group's trade payables turnover period for the FPE 2018 of 113 days, which was more than the normal credit terms granted to our Group, was mainly due to the rollover of outstanding trade payables from the FYE 2017 into the period under review. Nonetheless, we have managed to reduce our trade payables turnover period for the FPE 2019 to within the normal credit terms granted to our Group, namely 54 days. This was mainly due to reduction of trade payables as at 31 May 2019 as compared to as at 31 December 2018 as we decided to capitalise on discounts offered by suppliers and service providers by paying promptly. As at 31 May 2019, our Group's outstanding trade payables was RM0.73 million, of which RM0.62 million or 84.9% has been settled as at the LPD.

(iii) Current ratio

Our current ratio for the FYE 2017 and FYE 2018 was 0.8 times and 1.6 times respectively. The increase in our current ratio in the FYE 2018 as compared to the FYE 2017 was mainly due to the increase in the following:

(i) trade receivables, from RM1.6 million to RM2.4 million, representing an increase of RM0.8 million or 50.0%, in line with our Group's increase in revenue;

(ii) contract assets, from nil to RM0.9 million, in line with our Group's increase in revenue; and

(iii) other receivables, from RM0.1 million to RM0.3 million, representing an increase of RM0.2 million, arising due to prepayment of professional fees incurred pursuant to our Proposed Listing.

Our current ratio for the FPE 2018 was 1.0 times and increased to 1.8 times for the FPE 2019. The said increase was due to the increase in trade receivables from RM0.52 million to RM2.84 million, representing an increase of RM2.32 million or 446.2%, and other receivables from RM0.12 million to RM0.36 million, representing an increase of RM0.24 million or 200.0%.

For the FPE 2019, the increase in trade receivables were in line with our Group's increase in revenue while the increase in other receivables was mainly due to prepayment of professional fees incurred pursuant to our Proposed Listing.

(iv) Gearing ratio

Our gearing ratio for the FYE 2017 and FYE 2018 was 6.72 times and 0.67 times respectively. The decrease in our gearing ratio in the FYE 2018 as compared to the FYE 2017 was mainly due to the decrease in total borrowings from RM1.53 million to RM1.17 million and our improved shareholders' funds from RM0.22 million to RM1.74 million.

For the FPE 2019, our gearing ratio decreased to 0.9 times as compared to 3.1 times for the FPE 2018. While our total borrowings increased from RM1.45 million to RM1.73 million or 19.3%, we experienced a greater increase in our shareholders' funds from RM0.47 million to RM1.96 million or 317.0%.

8.10 Significant Factors Affecting Our Financial Position and Results of Operations

Please refer to Section 5 of this Information Memorandum for the risk factors in relation to our business, operations and industry in which we operate in. The risk factors mentioned therein represent significant factors which may affect our financial position and results of operations.

8.11 Order Book

As our Group's business is primarily project-based, our future profitability is dependent on the number of projects and value of the projects secured. Our order book excludes the value of completed works in respect of on-going projects which have been recognised as revenue.

Our unbilled order book as at the LPD amounted to approximately RM9.02 million. Please refer to Section 4.3.1 of this Information Memorandum for further details of our on-going and future projects as at the LPD.

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9. OTHER INFORMATION

9.1 Responsibility Statements

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

Thinkat Advisory acknowledges that, based on all available information and to the best of its knowledge and belief, this Information Memorandum constitutes a full and true disclosure of all material facts concerning the Proposed Listing.

9.2 Material Agreements

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

(i) The share sale agreement dated 6 May 2019 for the SSSB Acquisition, which was completed on 8 November 2019; and

(ii) The share sale agreement dated 6 May 2019 for the SLSSB Acquisition, which was completed on 25 June 2019.

9.3 Material Litigation

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 pending or threatened proceedings or of any fact likely to give rise to any proceedings which might materially or adversely affect our position or business.

9.4 Material Commitments and Contingent Liabilities

As at the LPD, the Board is not aware of any material commitments or contingent liabilities incurred or known to be incurred by us, which upon becoming enforceable, may have material impact on our financial position.

9.5 Declaration by Our Advisers

9.5.1 Thinkat Advisory

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

9.5.2 Wei Ling Chambers

Messrs. Wei Ling Chambers confirms that there is no existing or potential conflict of interests in its capacity as the Legal Adviser for the Proposed Listing.

9.5.3 Morison AAC

Messrs. Morison AAC confirms that there is no existing or potential conflict of interests in its capacity as the Auditors and Reporting Accountants for the Proposed Listing.

9.5.4 Infobusiness

Infobusiness confirms that there is no existing or potential conflict of interests in its capacity as the Independent Market Researcher for the Proposed Listing.

APPENDIX I

AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FYE 2017 AND FYE 2018

Morison AAC
Your Partners In Success

SUPERGENICS BERHAD
(Company No: 1214095-X)
(Incorporated in Malaysia)

COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2018

Morison KSi
Independent member

SUPERGENICS BERHAD
(Company No: 1214095-X)
(Incorporated in Malaysia)

COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2018

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SUPERGENICS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, TAN BII CHAU and TAN PIN YUAN, being of the Directors of SUPERGENICS BERHAD, state that, in the opinion of the Directors, the combined financial statements set out on pages 6 to 48 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as of 31 December 2017 and 31 December 2018 and of their combined financial performance and cash flows for the financial years ended 31 December 2017 and 31 December 2018.

Signed in accordance with a resolution of the Directors.

TAN BII CHAU

TAN PIN YUAN

13 MAY 2019

Morison Anuarul Azizan Chew (AF 001977)
Chartered Accountants

18 Jalan Pinggir 1/64, Jalan Kolam Air
Off Jalan Sultan Azlan Shah (Jalan Ipoh)
51200 Kuala Lumpur, Malaysia

T +603 4048 2888
F +603 4048 2999
E general@morisonaac.com
W www.morisonaac.com

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SUPERGENICS BERHAD

(Company No.:1214095-X)
(Incorporated in Malaysia)

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Supergenics Berhad ("Supergenics" or "the Company") and its subsidiary ("the Group"), which comprise the combined statements of financial position as at 31 December 2017 and 31 December 2018 of the Group and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years then ended, and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages 6 to 48.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the Group as at 31 December 2017 and 31 December 2018 and of their financial performance and their cash flows for the financial years then ended, in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Directors for the Combined Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

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

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

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

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements (continued)

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

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

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

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

Other Matters

This report is made solely for the inclusion in the Information Memorandum of Supergenics Berhad in connection with the proposed listing of and quotation of the enlarged issued share capital of Supergenics Berhad on the LEAP Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume any responsibility to any other person for the content of this report.

MORISON ANUARUL AZIZAN CHEW	CHEW LOONG JIN
Firm Number: AF 001977	Approved Number: 03279/03/2021 J
Chartered Accountants	Chartered Accountant

KUALA LUMPUR

13 MAY 2019

SUPERGENICS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION

The audited combined statements of financial position as at 31 December 2017 and 31 December 2018 are set out below:

	Note	2018 RM	2017 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	1,508,424	1,648,209
Deferred tax assets	4	-	39,129
		1,508,424	1,687,338
Current Assets			
Trade receivables	5	2,354,438	1,618,159
Other receivables	6	317,440	104,476
Contract assets	7	869,325	-
Tax recoverable		-	84,613
Cash and bank balances		57,082	8,733
		3,598,285	1,815,981
TOTAL ASSETS		5,106,709	3,503,319
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	250,100	250,100
Retained earnings/(Accumulated losses)		1,489,682	(27,825)
		1,739,782	222,275
LIABILITIES			
Non-Current Liabilities			
Finance lease liabilities	9	155,001	196,042
Bank borrowings	10	868,811	889,056
Deferred tax liabilities	4	31,429	-
		1,055,241	1,085,098
Current Liabilities			
Trade payables	11	1,183,619	998,381
Other payables	12	109,193	112,579
Contract liabilities	7	561,769	545,607
Amount owing to a Director	13	109,896	96,777
Finance lease liabilities	9	41,041	41,458
Bank borrowings	10	101,618	401,144
Provision for taxation		204,550	-
		2,311,686	2,195,946
TOTAL LIABILITIES		3,366,927	3,281,044
TOTAL EQUITY AND LIABILITIES		5,106,709	3,503,319

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

SUPERGENICS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The audited combined statements of profit or loss and other comprehensive income for the financial years ended 31 December 2017 and 31 December 2018 are set out below:

	Note	2018 RM	2017 RM
Revenue	14	6,655,664	5,242,648
Cost of sales		(3,855,982)	(4,036,514)
Gross profit		2,799,682	1,206,134
Other operating income		51	4
Administrative expenses		(741,500)	(808,448)
Finance cost	15	(71,505)	(44,739)
Profit before taxation	16	1,986,728	352,951
Taxation	17	(469,221)	(26,397)
Profit/Total comprehensive income for the financial year		1,517,507	326,554
Earnings per share (sen)			
- Basic	18	606.76	130.57

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

Company No. 1214095 X

SUPERGENICS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY

The audited combined statements of changes in equity for the financial years ended 31 December 2017 and 31 December 2018 are set out below:

	Share Capital RM	(Accumulated Losses)/ Retained Earnings RM	Total RM
At 1 January 2017	250,100	(354,379)	(104,279)
Profit/Total comprehensive income for the financial year	-	326,554	326,554
At 31 December 2017	250,100	(27,825)	222,275
At 1 January 2018	250,100	(27,825)	222,275
Profit/Total comprehensive income for the financial year	-	1,517,507	1,517,507
At 31 December 2018	250,100	1,489,682	1,739,782

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

Company No. 1214095 X

SUPERGENICS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS

The audited combined statements of cash flows for the financial years ended 31 December 2017 and 31 December 2018 are set out below:

	2018 RM	2017 RM
Cash flows from operating activities		
Profit before taxation	1,986,728	352,951
Adjustments for:		
Depreciation of property, plant and equipment	154,394	135,504
Impairment loss of trade receivables	31,453	-
Interest expenses	71,505	44,739
Interest income	(51)	(4)
Operating profit before working capital changes	2,244,029	533,190
Changes in working capital:		
Trade and other receivables	(980,696)	(834,105)
Contract assets and liabilities	(853,163)	545,607
Amount owing to a Director	13,119	156,529
Trade and other payables	181,852	198,166
Cash generated from operations	605,141	599,387
Interest paid	(71,505)	(44,739)
Interest received	51	4
Tax paid	(109,500)	(257,822)
Net cash generated from operating activities	424,187	296,830
Cash flows from investing activity		
Purchase of property, plant and equipment	(14,609)	(329,718)
Net cash used in investing activity	(14,609)	(329,718)
Cash flows from financing activities		
Proceeds from issuance of share capital	-	100
Repayment of term loan	(27,984)	(3,997)
Repayment of finance lease liabilities	(41,458)	(26,023)
Net cash used in financing activities	(69,442)	(29,920)

SUPERGENICS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

The audited combined statements of cash flows for the financial years ended 31 December 2017 and 31 December 2018 are set out below: (continued)

	2018 RM	2017 RM
Net increase/(decrease) in cash and cash equivalents	340,136	(62,808)
Cash and cash equivalents at beginning of the financial year	(363,744)	(300,936)
Cash and cash equivalents at end of the financial year	(23,608)	(363,744)
Cash and cash equivalents at end of the financial year comprise:		
Cash and bank balances	57,082	8,733
Bank overdraft	(80,690)	(372,477)
	(23,608)	(363,744)

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. Introduction and General Information

Introduction

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

These combined financial statements deal solely with the audited combined financial statements of Supergenics Berhad and its subsidiary for the financial years ended 31 December 2017 and 2018.

The combined financial statements consist of the financial statements of combining entities as disclosed in Note 25 to the combined financial statements, which were under common control throughout the reporting years by virtue of common controlling shareholders.

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

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

General Information

Supergenics Berhad was incorporated in Malaysia on 30 December 2016 under the Companies Act, 2016 as a private limited company with an issued share capital of RM100, under the name Supergenics Holdings Sdn. Bhd. On 14 March 2019, it changed its name to Supergenics Sdn Bhd. and subsequently converted into a public limited company and assumed its present name on 9 May 2019.

The principal activity of the Company is investment holding whilst the principal activity of the subsidiary company is provision of integrated turnkey solutions for the development of cleanrooms used mainly in laboratories and medical centres and the provision of management services for cleanrooms. There has been no significant change in the nature of these principal activities during the financial years ended 31 December 2017 and 31 December 2018.

The registered office of the Company is located at B-07-06, 3 Two Square, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. 57, Jalan Bulan U5/171, Subang 2, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies

2.1 Basis of Preparation

This report comprises solely the audited combined financial statements of Supergenics Berhad and its subsidiary for the past two financial years ended 31 December 2017 and 2018.

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

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

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

The combined financial statements consist of the financial statements of combining entities as disclosed in Note 25 to the financial statements, which were under common control throughout the reporting years by virtue of common controlling shareholders in Supergenics Berhad.

The audited combined financial statements of Supergenics Group have been prepared as if Supergenics Group has operated as a single economic entity throughout financial years ended 31 December 2017 to 31 December 2018 and have been prepared from the books and records maintained by each entity. The historical financial information of the combining entities with different length of financial periods have been carved out into 12 months to be coterminous with Supergenics Berhad and such historical financial information has been audited by Messrs. Morison Anuarul Azizan Chew.

The accounting policies set out in Note 2.2 to the financial statements have been applied in preparing the combined financial statements for the financial years ended 31 December 2017 and 2018.

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

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.1 Basis of Preparation (continued)

The preparation of these financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities.

The Directors are also required to exercise their judgement in the process of applying the accounting policies. Areas involving such judgements, estimates and assumptions are disclosed in Note 2.1.2 to the financial statements. Although these estimates and assumptions are based on the best knowledge of events and actions of the Directors, actual results could differ from those estimates.

Amendments to accounting standards that are effective for the Group's financial year beginning on or after 1 January 2018 are as follows:

- MFRS 9, "Financial Instruments"
- MFRS 15, "Revenue from Contracts with Customers"
- Amendments to MFRS 1, "First-time Adoption of Malaysian Financial Reporting Standards" (Annual improvements 2014-2016 cycle)
- Amendments to MFRS 2, "Classification and Measurement of Share-Based Payment Transactions"
- Amendments to MFRS 4, "Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts"
- Amendments to MFRS 128, "Investments in Associates and Joint Ventures" (Annual improvements 2014-2016 cycle)
- Amendments to MFRS 140, "Transfers of Investment Property"
- IC Interpretation 22, "Foreign Currency Transactions and Advance Consideration"

The above accounting standards, amendments to accounting standards and IC interpretation effective during the financial year do not have any significant impact to the financial results and position of the Group, except as follows:

<u>Adoption of MFRS 9 "Financial Instruments"</u>

The Group applied MFRS 9 in the combined financial statements with a date of initial application of 1 January 2018. The standard is applied retrospectively.

In accordance with the transitional provisions provided in MFRS 9, comparative information for 2017 was not restated and continued to be reported under the previous accounting policies governed under MFRS 139.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.1 Basis of Preparation (continued)

Adoption of MFRS 9 "Financial Instruments" (continued)

(i) Classification and measurement of financial assets

Until 31 December 2017, financial assets were classified in the following categories: financial assets at fair value through profit or loss ("FVTPL"), loans and receivables ("L&R"), held-to-maturity ("HTM"), and available-for-sale ("AFS") financial assets. Note 2.2.4*(A)* sets out the details of accounting policies for classification and measurement of financial assets under MFRS 139.

From 1 January 2018, the new accounting policies for classification and measurement of financial assets under MFRS 9 are set out in Note 2.2.4*(B)*.

Classification of the Group's financial assets consisting of trade receivables, other receivables and cash and bank balances that have previously been classified as loans and receivables based on MFRS 139 are now classified as and continue to be measured at amortised cost after adoption of MFRS 9.

(ii) Impairment

Until 31 December 2017, impairment of loan and receivables and AFS financial assets is assessed based on the incurred loss model. Note 2.2.4*(A)*(iii) set out the details of accounting policies for impairment of financial assets under MFRS 139.

From 1 January 2018, the Group apply the expected credit loss model to determine impairment on investment in debt instruments that are measured at amortised cost and at fair value through other comprehensive income ("FVOCI"). The new accounting policies for impairment under MFRS 9 are set out in Note 2.2.4*(B)*(iv).

There were no significant impact of the changes in accounting policies on the Group as at 1 January 2018 arising from the adoption of MFRS 9.

Adoption of MFRS 15 "Revenue from Contracts with Customers"

The Group applied MFRS 15 which is applied retrospectively from 1 January 2017. This Standard establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Under this Standard, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of this Standard results in changes in accounting policies for revenue recognition, and has no material financial impact other than the disclosures made in the Group's combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.1 Basis of Preparation (continued)

Accounting standards, amendments to accounting standards, IC interpretation and amendments to IC interpretations that are applicable for the Group in the following periods but are not yet effective:

		Effective date for financial period beginning on or after
MFRS 16	Leases	1 January 2019
Amendments to MFRS 3	Business Combination (Annual improvements to 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 11	Joint Arrangement (Annual improvements to 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 112	Income taxes (Annual improvements to 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 119	Employee Benefits" (Plan amendment, curtailment or settlement)	1 January 2019
Amendments to MFRS 123	Borrowing Costs (Annual improvements to 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards:		1 January 2020
Amendments to MFRS 2	Share Based Payments	
Amendments to MFRS 3	Business Combinations	
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources	
Amendments to MFRS 14	Regulatory Deferral Accounts	
Amendments to MFRS 101	Presentation of Financial Statements	
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	
Amendments to MFRS 134	Interim Financial Reporting	
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	
Amendments to MFRS 138	Intangible Assets	

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.1 Basis of Preparation (continued)

Accounting standards, amendments to accounting standards, IC interpretation and amendments to IC interpretations that are applicable for the Group in the following periods but are not yet effective: (continued)

		Effective date for financial period beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards (continued):		
Amendment to IC Interpretation 12	Service Concession Arrangements	
Amendment to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	
Amendment to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	
Amendment to IC Interpretation 22	Foreign Currency Transactions and Advance Considerations	
Amendment to IC Interpretation 132	Intangible Assets- Web Site Costs	
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The adoption of the above accounting standards, amendments to accounting standards, IC Interpretation and amendments to IC Interpretations are not expected to have any significant impact to the combined financial statements of the Group.

2.1.1 Functional and presentation currency

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.1 Basis of Preparation (continued)

2.1.2 Significant accounting estimates and judgements

Accounting estimates and judgements, are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(i) Impairment of financial assets (effective until 31 December 2017)

The impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. This is determined based on the ageing profile, expected collection patterns of individual receivable balances, credit quality and credit losses incurred. Management carefully monitors the credit quality of receivable balances and makes estimates about the amount of credit losses that have been incurred at each financial statement reporting date. Any changes to the ageing profile, collection patterns, credit quality and credit losses can have an impact on the impairment recorded.

(ii) Measurement of expected credit loss allowance for financial assets (effective from 1 January 2018)

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of reporting period.

(iii) Revenue recognition

The Group recognises provision of integrated turnkey solution contract revenue and expenses over time by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measured based on direct measurements of the value transferred by the Group to the customer and the Group's efforts to the satisfaction of the performance obligation.

Significant judgement is required in determining the extent of the costs incurred, estimated total contract revenue and costs, as well as the recoverability of the contract amount. In making the above judgement, the Group evaluates based on past experiences.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies

The Group applies the significant accounting policies set out below, consistently throughout the periods presented in the combined financial statements unless otherwise stated.

2.2.1 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

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

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.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in the profit or loss.

(ii) Depreciation and impairment

Property, plant and equipment are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives as follows:

Leasehold building	50 years
Furniture and fittings	10 years
Office equipment	10 years
Tools and equipment	10 years
Motor vehicles	6.67 years
Plant and machinery	6.67 years
Renovation	5 years

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.2 **Significant Accounting Policies (continued)**

2.2.1 **Property, plant and equipment (continued)**

(ii) Depreciation and impairment (continued)

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

2.2.2 **Impairment of non-financial assets**

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 to sell. 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 unless it reverses a previous revaluation in which it is charged to the revaluation surplus. 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 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.

2.2.3 **Cash and cash equivalents**

Cash and cash equivalents consist of cash and bank balances, deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the combined statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies (continued)

2.2.4 Financial assets

(A) Accounting policies applied until 31 December 2017

(i) Classification

The Group classifies its financial assets based on the purpose for which the financial assets were acquired at initial recognition in the following categories:

Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise, they are classified as non-current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Available for sale ("AFS") financial assets

AFS financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies (continued)

2.2.4 Financial assets (continued)

(A) Accounting policies applied until 31 December 2017 (continued)

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at FVTPL. Financial assets carried at FVTPL are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(iii) Subsequent measurement

Gains and losses

Financial assets at FVTPL and AFS financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at FVTPL, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of AFS financial assets are recognised in other comprehensive income. Impairment losses and exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on AFS financial assets are recognised separately in profit or loss. Interest on AFS debt securities calculated using the effective interest method is recognised in profit or loss. Dividend income on AFS equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged declined in fair value below its cost is also considered objective evidence of impairment.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies (continued)

2.2.4 Financial assets (continued)

(A) Accounting policies applied until 31 December 2017 (continued)

(iii) Subsequent measurement (continued)

Impairment of financial assets (continued)

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is 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 is reduced through the use of an allowance account.

An impairment loss in respect of AFS financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an AFS financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies (continued)

2.2.4 Financial assets (continued)

(A) Accounting policies applied until 31 December 2017 (continued)

(iv) De-recognition

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

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

When AFS financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(B) Accounting policies applied from 1 January 2018

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL")

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies (continued)

2.2.4 Financial assets (continued)

(B) Accounting policies applied from 1 January 2018 (continued)

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(iii) Subsequent measurement

<u>Debt instruments</u>

Debt instruments mainly comprise of trade receivables, other receivables, and cash and bank balances.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost

  Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies (continued)

2.2.4 Financial assets (continued)

(B) Accounting policies applied from 1 January 2018 (continued)

(iii) Subsequent measurement (continued)

Debt instruments (continued)

- FVOCI

  Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised using the effective interest rate method in profit or loss.

- FVTPL

  Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all its equity investments at fair value. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are recognised in OCI. Dividends from equity investments are recognised in profit or loss when the Group's right to receive payments is established.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies (continued)

2.2.4 Financial assets (continued)

(B) Accounting policies applied from 1 January 2018 (continued)

(iv) Impairment

The Group assess expected credit losses associated with its debt instruments carried at amortised cost and at FVOCI on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group expect to receive, over the remaining life of the financial instrument.

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents and other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

In measuring expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking factors affecting the ability of the customers to settle the receivables.

The Group define a financial instrument as default, which is aligned with the definition of credit-impaired, when the debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group consider the following instances:
- The debtor is in breach of financial covenants
- Concessions have been made by the Group related to the debtor's financial difficulty
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- The debtor is insolvent

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies (continued)

2.2.4 Financial assets (continued)

(B) Accounting policies applied from 1 January 2018 (continued)

(iv) Impairment (continued)

Financial assets that are credit-impaired are assessed for impairment on an individual basis.

The Group write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity.

2.2.5 Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those recognised as fair value through profit or loss.

Other financial liabilities recognised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Fair value though profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

2.2.6 Offsetting financial instruments

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies (continued)

2.2.7 Leases

(i) Finance leases - accounting by lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(ii) Operating leases - accounting by lessee

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to profit or loss on the straight line basis over the lease period.

2.2.8 Provisions for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2.2.9 Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies (continued)

2.2.10 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is recognise or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be recognised.

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.2.11 Borrowing

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Differences between initial recognised amount and the redemption value are recognised in profit or loss over the period of the borrowings using the effective interest method.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.2 **Significant Accounting Policies (continued)**

2.2.12 **Revenue recognition**

(i) Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

Provision of integrated turnkey solutions

Revenue from provision of integrated turnkey solution is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance creates and enhances an asset that the customer controls as the Group performs.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on direct measurements of the value transferred by the Group to the customer (e.g. surveys or appraisals of performance completed to date) that depicts the Group's performance in satisfying the performance obligation.

The excess of cumulative revenue recognised in profit or loss over the billings to customers is recognised as contract assets.

The excess of cumulative billings to customers over revenue recognised in profit or loss is recognised as contract liabilities.

Revenue for performance obligation that is not satisfied over time is recognised at a point in time at which the customer obtains control of the promised goods or services.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies (continued)

2.2.12 Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

Provision of maintenance services

Revenue from provision of maintenance services is recognised upon performance of services as the customer simultaneously receives and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(ii) Other revenue and income

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

2.2.13 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 Group 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) Defined contribution plans

As required by law, the Group makes contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss in the period to which they relate.

2.2.14 Operating segments

For management purposes, the Group is organised into operating segment based on their business activities. An operating segment's operating results are reviewed regularly by the chief operating decision maker, who will make decisions to allocate resources to the segments and assess the segment performance.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. Property, Plant and Equipment

	Leasehold building RM	Furniture and fittings RM	Office equipment RM	Tools and equipment RM	Motor vehicles RM	Plant and machinery RM	Renovation RM	Total RM
Cost								
At 1.1.2018	1,150,000	41,026	167,446	13,335	357,980	182,253	269,751	2,181,791
Additions	-	1,320	9,257	-	-	-	4,032	14,609
At 31.12.2018	1,150,000	42,346	176,703	13,335	357,980	182,253	273,783	2,196,400
Accumulated depreciation								
At 1.1.2018	4,726	24,029	97,226	12,559	154,040	142,630	98,372	533,582
Charge for the financial year	23,000	2,573	11,486	425	53,697	14,278	48,935	154,394
At 31.12.2018	27,726	26,602	108,712	12,984	207,737	156,908	147,307	687,976
Carrying amount								
At 31.12.2018	1,122,274	15,744	67,991	351	150,243	25,345	126,476	1,508,424

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. **Property, Plant and Equipment (continued)**

	Leasehold building RM	Furniture and fittings RM	Office equipment RM	Tools and equipment RM	Motor vehicles RM	Plant and machinery RM	Renovation RM	Total RM
Cost								
At 1.1.2017	-	29,441	153,326	13,335	357,980	182,253	203,201	939,536
Additions	1,150,000	11,585	14,120	-	-	-	66,550	1,242,255
At 31.12.2017	1,150,000	41,026	167,446	13,335	357,980	182,253	269,751	2,181,791
Accumulated depreciation								
At 1.1.2017	-	21,463	86,053	11,711	100,343	128,352	50,156	398,078
Charge for the financial year	4,726	2,566	11,173	848	53,697	14,278	48,216	135,504
At 31.12.2017	4,726	24,029	97,226	12,559	154,040	142,630	98,372	533,582
Carrying amount								
At 31.12.2017	1,145,274	16,997	70,220	776	203,940	39,623	171,379	1,648,209

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. Property, Plant and Equipment (continued)

(a) Leasehold building of the Group with a carrying amount of RM1,122,274 (2017: RM1,145,274) the have been pledged to licensed banks as securities for credit facilities granted to the Group as disclosed in Note 10 to the financial statements.

(b) Motor vehicle of the Group with a carrying amount of RM150,243 (2017: RM203,940) are acquired under finance lease liabilities.

(c) The aggregate additional cost for the property, plant and equipment of the Company during the financial year under borrowings and cash payments are as follows:

	2018 RM	2017 RM
Aggregate cost	14,609	1,242,255
Term loan financing	-	(912,537)
Cash payments	14,609	329,718

4. Deferred Tax Assets/(Liabilities)

	2018 RM	2017 RM
At 1 January	39,129	(12,361)
Recognised in profit or loss: (Note 17)		
- unutilised tax losses	(63,323)	63,323
- unabsorbed capital allowances	(12,396)	12,396
- property, plant and equipment	5,161	(24,229)
	(70,558)	51,490
At 31 December	(31,429)	39,129

The components of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	2018 RM	2017 RM
Deferred tax assets:		
- unutilised tax losses	-	63,323
- unabsorbed capital allowances	-	12,396
	-	75,719
Offsetting	-	(36,590)
Deferred tax assets (after offsetting)	-	39,129
Deferred tax liabilities:		
- property, plant and equipment	(31,429)	(36,590)
Offsetting	-	36,590
Net deferred tax liabilities (after offsetting)	(31,429)	-

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. Trade Receivables

	2018 RM	2017 RM
Trade receivables	2,385,891	1,618,159
Less: Impairment losses	(31,453)	-
	2,354,438	1,618,159

The Group's normal trade credit term is 30 to 90 days (2017: 30 to 90 days). Other credit terms are assessed and approved on a case to case basis.

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

	2018 RM	2017 RM
Neither past due nor individually impaired	2,041,529	407,003
Past due but not individually impaired:		
- Between 1 to 60 days	-	1,026,072
- Between 61 to 120 days	64,851	657
- More than 121 days	279,511	184,427
	344,362	1,211,156
	2,385,891	1,618,159

Trade receivables that are neither past due nor individually impaired are creditworthy debtors with good payment records with the Group. These debtors are mostly long term customers with no history of default in payments.

The Group's trade receivables of RM344,362 (2017: RM1,211,156) that are past due at the reporting date but not individually impaired relate mainly to customers who however have never defaulted on payments but are slow paymasters hence, periodically monitored.

Movement on the Group's allowance for impairment loss of trade receivables are as follows:

	2018 RM	2017 RM
At 1 January	-	-
Charge during the financial year	31,453	-
At 31 December	31,453	-
Represented by:		
Lifetime expected credit loss impairment	31,453	-

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

6. Other Receivables

	2018 RM	2017 RM
Other receivables	207,701	28,737
Deposits	80,367	46,367
Prepayments	29,372	29,372
	317,440	104,476

7. Contract Assets/(Liabilities)

The contract assets and contract liabilities from provision of integrated turnkey solutions are as follows:

	Note	2018 RM	2017 RM
Accrued revenue	(a)	869,325	-
Amount owing to contract customers	(b)	(561,769)	(545,607)
		307,556	(545,607)

(a) Accrued revenue represents the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer.

(b) Amount owing to contract customers represent the timing differences in revenue recognition and milestone billings. The milestone billings are structured and/or negotiated with customers to reflect the physical completion of the contract.

(c) As at the end of the financial year, the aggregate amount of the transaction price allocated to the remaining unfulfilled performance obligations of the Group is RM1,715,356 (2017: RM892,285) which will be recognised as revenue when the relevant projects are completed, which are expected to occur over the next 12 months.

8. Share Capital

	Number of shares		Amount	
	2018	2017	2018 RM	2017 RM
Issued and fully paid				
At 1 January/ 31 December	250,100	250,100	250,100	250,100

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

9. Finance Lease Liabilities

	2018 RM	2017 RM
Minimum finance lease payments		
Repayable within one year	50,040	52,766
Repayable between one and five years	168,356	218,396
	218,396	271,162
Less: Future finance charges	(22,354)	(33,662)
Present value of finance lease liabilities	196,042	237,500
Present value of finance lease liabilities		
Within twelve months	41,041	41,458
Between one and five years	155,001	196,042
	196,042	237,500
Analysed as:		
Repayable within twelve months	41,041	41,458
Repayable after twelve months	155,001	196,042
	196,042	237,500

The effective interest rate of the Group is between 2.66% and 2.93% (2017: 2.66% and 2.93%) per annum.

The finance lease liabilities are secured over the leased assets as disclosed in Note 3 to the financial statements.

10. Bank Borrowings

	2018 RM	2017 RM
Current		
Term loans	20,928	28,667
Bank overdraft	80,690	372,477
	101,618	401,144
Non-Current		
Term loans	868,811	889,056
	970,429	1,290,200
Secured:		
Term loans	889,739	917,723
Bank overdraft	80,690	372,477
	970,429	1,290,200

10. Bank Borrowings (continued)

	2018 RM	2017 RM
Maturity of bank borrowings are as follows:		
Within twelve months	101,618	401,144
Between one and two years	23,649	21,158
Between two and five years	78,018	69,366
After five years	767,144	798,532
	970,429	1,290,200

Included in the term loans is a term loan amounting to RM889,739 (2017: RM912,780) which was acquired under the name of a Director of the Group to finance the purchase of the leasehold building of the Group as disclosed in Note 3 to the financial statements.

The term loan was charged against the leasehold building of the Group as disclosed in Note 3 to the financial statements and is guaranteed by the Company.

Range of interest rates are as follows:

	2018 RM	2017 RM
Term loans	4.75% - 5.17%	4.50% - 4.92%
Bank overdraft	7.92%	7.67%

11. Trade Payables

The normal trade credit terms granted to the Group ranges from 30 to 90 days (2017: 30 to 90 days).

12. Other Payables

	2018 RM	2017 RM
Other payables	82,058	102,269
Accruals	27,135	10,310
	109,193	112,579

13. Amount Owing to a Director

This amount is unsecured, interest-free and repayable on demand.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

14. Revenue

	2018 RM	2017 RM
Revenue recognised from contracts with customers:		
- Provision of integrated turnkey solutions	6,478,564	5,242,648
- Provision of maintenance services	177,100	-
	6,655,664	5,242,648
Geographical market		
Malaysia	6,655,664	5,242,648
Timing of revenue recognition		
Over time	6,478,564	5,242,648
At a point in time	177,100	-
	6,655,664	5,242,648

15. Finance Cost

	2018 RM	2017 RM
Interest expense on:		
- Term loan	42,627	13,497
- Bank overdraft	17,570	9,951
- Finance lease liabilities	11,308	21,291
	71,505	44,739

16. Profit before Taxation

Profit before taxation is determined after charging/(crediting) amongst others, the following items:

	2018 RM	2017 RM
Auditors' remuneration	8,600	7,700
Depreciation of property, plant and equipment	154,394	135,504
Rental of premises	-	32,065
Impairment loss on trade receivables	31,453	-
Interest income	(51)	(4)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

17. Taxation

	2018 RM	2017 RM
Current taxation:		
- Current year	398,663	157,160
- Over provision in prior year	-	(79,273)
	398,663	77,887
Deferred taxation: (Note 4)		
- Current year	70,558	(73,572)
- Under provision in prior year	-	22,082
	70,558	(51,490)
	469,221	26,397

Income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follows:

	2018 RM	2017 RM
Profit before taxation	1,986,728	352,951
Taxation at statutory tax rate of 24% (2017: 24%)	476,815	84,708
Effect of different tax rate for chargeable income up to RM500,000	(30,000)	(11,895)
Non-deductible expenses	22,406	10,775
Over provision of current taxation in prior year	-	(79,273)
Under provision of deferred taxation in prior year	-	22,082
Taxation for the financial year	469,221	26,397

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

18. Earnings Per Share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to common controlling shareholders of the combining entities by the expected number of ordinary shares upon completion of the proposed listing.

	2018 RM	2017 RM
Profit for the financial year attributable to common controlling shareholders of the combining entities	1,517,507	326,554
Weighted average number of ordinary shares	250,100	250,100
Basic earnings per share (sen)	606.76	130.57

(b) Diluted earnings per share

There is no diluted earnings per share as there is no dilutive potential ordinary shares during the financial year.

19. Employee Benefits Expenses

	2018 RM	2017 RM
Staff costs (excluding Directors) recognised in:		
- Cost of sales	221,550	162,907
- Administration expenses	137,111	146,817
	358,661	309,724

Included in the total staff costs above are contributions made under a defined contribution plan for the Group amounting to RM37,378 (2017: RM31,501).

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

20. Reconciliation of Liabilities Arising from Financing Activities

	Finance lease liabilities RM	Term loan RM	Total RM
At 1 January 2017	263,523	9,183	272,706
Term loan financing for addition of property, plant and equipment	-	912,537	912,537
Cash flows	(26,023)	(3,997)	(30,020)
At 31 December 2017	237,500	917,723	1,155,223
Cash flows	(41,458)	(27,984)	(69,442)
At 31 December 2018	196,042	889,739	1,085,781

21. Related Parties Disclosures

a) Identities of related parties

For the purpose of these combined financial statements, parties are considered to be related to the Group if the combining entities have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the combining entities and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

b) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. The key management personnel include all the Directors of the combining entities.

The remuneration of Directors are as follows:

	2018 RM	2017 RM
Directors of the combining entities:		
- Fees	-	32,000
- Salaries and other emoluments	231,848	189,588
- Defined contribution plan	25,680	23,000
	257,528	244,588

22. Segment Information

Information about operating segments had not been reported separately as the Group revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely provision of turnkey solutions for the development of cleanrooms and provision of maintenance services.

Information about major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	2018 RM	2017 RM
Customer A	4,468,644	-
Customer B	892,285	4,248,580

23. Financial Instruments

The following table analyses the financial assets and financial liabilities of the Group by the classes and categories of financial instruments to which they are assigned, and therefore by the measurement basis:

	2018		2017	
	Financial assets and liabilities at amortised cost RM	Total RM	Loans and receivables/ other financial liabilities RM	Total RM
Financial assets				
Trade receivables	2,354,438	2,354,438	1,618,159	1,618,159
Other receivables	288,068	288,068	75,104	75,104
Cash and bank balances	57,082	57,082	8,733	8,733
	2,699,588	2,699,588	1,701,996	1,701,996
Financial liabilities				
Trade payables	1,183,619	1,183,619	998,381	998,381
Other payables	109,193	109,193	112,579	112,579
Amount owing to Directors	109,896	109,896	96,777	96,777
Finance lease liabilities	196,042	196,042	237,500	237,500
Bank borrowings	970,429	970,429	1,290,200	1,290,200
	2,569,179	2,569,179	2,735,437	2,735,437

23. **Financial Instruments (continued)**

Financial risk management

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity and market risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from trade and other receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of trade receivables ageing. At reporting date, the trade receivables of the Group comprise of a debtor (2017: 1) that represents 82% (2017: 91%) of trade receivables.

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the combined statements of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from trade and other payables, finance lease liabilities and bank borrowings.

Cash flow forecasting is performed by monitoring the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

23. Financial Instruments (continued)

Financial risk management (continued)

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on contractual undiscounted payments:

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Within 1 year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	More than 5 years RM
2018							
Trade and other payables	1,292,812	-	1,292,812	1,292,812	-	-	-
Amount owing to a Director	109,896	-	109,896	109,896	-	-	-
Finance lease liabilities	196,042	2.66 - 2.93	218,396	50,040	50,040	118,316	-
Bank borrowings	970,429	4.75 - 7.92	1,512,846	138,077	62,604	187,812	1,124,353
	2,569,179		3,133,950	1,590,825	112,644	306,128	1,124,353
2017							
Trade and other payables	1,110,960	-	1,110,960	1,110,960	-	-	-
Amount owing to a Director	96,777	-	96,777	96,777	-	-	-
Finance lease liabilities	237,500	2.66 - 2.93	271,162	52,766	50,040	168,356	-
Bank borrowings	1,290,200	4.50 - 7.67	1,902,105	442,053	60,960	182,880	1,216,212
	2,735,437		3,381,004	1,702,556	111,000	351,236	1,216,212

23. **Financial Instruments (continued)**

Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Group's financial position and cash flows. The Group are not significantly affected by foreign exchange rate and price risks.

(i) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from bank borrowings. The Group monitors the interest rates constantly although the prevailing interest rates are low. The Group does not hedge the interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were as follows:

	2018	**2017**
	RM	**RM**
Floating rate instruments		
Bank overdrafts	80,690	372,477
Term loans	889,739	917,723
	970,429	1,290,200
Fixed rate instrument		
Finance lease liabilities	196,042	237,500

Since the Group's fixed rate financial assets and liabilities are measured at amortised cost, possible changes in interest rates are not expected to have a significant impact on the Group profit or loss.

As at 31 December 2018, if interest rates of floating rate instruments had been lower by 100 basis points ("bp") with all other variables held constant, this will result in post-tax increases of RM7,375 (2017: RM9,806) in profit or loss.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

23. **Financial Instruments (continued)**

Financial risk management (continued)

Fair value information

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- 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: Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair value hierarchy for financial instruments carried at fair value in the statement of financial position:

	2018		2017	
	Carrying amount	Level 2 Fair value	Carrying amount	Level 2 Fair value
	RM	RM	RM	RM
Financial Liability				
Finance lease liabilities	196,042	196,042	237,500	237,500

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

(ii) The carrying amount of long-term bank borrowings carried on the statements of financial position reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rate on or near the reporting date.

(iii) The aggregate fair value of the other financial assets and liabilities carried on the combined statements of financial position approximates its carrying value and the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. Capital Management

The objective of the Group on capital management is to ensure that it maintains a strong credit rating and safeguard the Group's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise shareholder value.

The Group monitors the capital using gearing ratio, which is net bank borrowings divided by equity attributable to owners of the Company.

	2018 RM	2017 RM
Finance lease liabilities	196,042	237,500
Bank borrowings	970,429	1,290,200
Less: Cash and bank balances	(57,082)	(8,733)
Net bank borrowings	1,109,389	1,518,967
Equity attributable to common controlling shareholders of the combined entities	1,739,782	222,275
Gearing ratio (times)	0.64	6.83

There were no changes to the Group's approach to capital management during the financial year.

25. Combining Entities

Details of the combining entities are as follows:

Name of combining entities	Country of incorporation	Effective ownership and voting interest 2018 %	2017 %	Principal activities
Supergenics Berhad	Malaysia	100	100	Investment holding
<u>Subsidiary of Supergenics Berhad</u>				
Supergenics Solution Sdn Bhd	Malaysia	100	100	Provision of integrated turnkey solutions

26. Subsequent Events

(i) On 6 May 2019, Supergenics Berhad entered into a share sale agreement with the shareholders of Supergenics Solution Sdn Bhd to acquire the entire issued share capital of Supergenics Solution Sdn Bhd for a total purchase consideration of RM1,699,898 which will be wholly satisfied by the issuance of 67,995,900 new ordinary shares at an issue price of RM0.025 each.

(ii) On 6 May 2019, Supergenics Berhad entered into a share sale agreement with the shareholders of Supergenics Life Science Sdn Bhd to acquire the entire issued share capital of Supergenics Life Science Sdn Bhd for a total purchase consideration of RM100 which will be wholly satisfied by the issuance of 4,000 new ordinary shares at an issue price of RM0.025 each.

27. Date of Authorisation for Issue

The combined financial statements for the financial years ended 31 December 2017 and 31 December 2018 were authorised for issue by the Board of Directors in accordance with a resolution of Directors on 13 May 2019.

APPENDIX II

UNAUDITED COMBINED FINANCIAL STATEMENTS FOR THE FPE 2018 AND FPE 2019

Supergenics Berhad
(Company No. 1214095-X)
(Incorporated In Malaysia)

UNAUDITED CONDENSED COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR FIVE-MONTH FINANCIAL PERIOD ENDED 31 MAY 2019 AND 31 MAY 2018

	UNAUDITED 1 JANUARY 2019 TO 31 MAY 2019 RM	1 JANUARY 2018 TO 31 MAY 2018 RM
Revenue	3,460,551	1,869,400
Cost of sales	(2,650,403)	(1,227,513)
Gross profit	**810,148**	**641,887**
Other income	16	1
Administrative expenses	(481,777)	(283,162)
Finance costs	(42,283)	(33,931)
Profit before taxation	**286,104**	**324,795**
Taxation	(68,665)	(77,951)
Profit for the financial period, representing total comprehensive income for the financial period	**217,439**	**246,844**

The above Condensed Combined Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Combined Financial Statements for the financial year ended 31 December 2018 and 31 December 2017.

Supergenics Berhad
(Company No. 1214095-X)
(Incorporated In Malaysia)

UNAUDITED CONDENSED COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2019 AND 31 MAY 2018

	UNAUDITED AS AT 31 MAY 2019 RM	AS AT 31 MAY 2018 RM
ASSETS		
Non-current assets		
Property, plant and equipment	1,451,597	1,586,795
Deferred tax assets	-	39,129
Total non-current assets	1,451,597	1,625,924
Current assets		
Contract assets	869,325	1,200,000
Trade receivables	2,838,616	523,405
Other receivables	359,463	123,671
Amount due from Directors	-	50
Cash and bank balances	56,096	53,425
Tax refundable	-	49,162
Total current assets	4,123,500	1,949,713
Total assets	**5,575,097**	**3,575,637**
EQUITY		
Share capital	250,200	250,100
Retained earnings	1,707,121	219,019
Total equity	1,957,321	469,119
LIABILITIES		
Non-current liabilities		
Bank borrowings	1,216,197	885,558
Finance lease liabilities	137,219	179,222
Deferred tax liabilities	31,429	-
Total non-current liabilities	1,384,845	1,064,780
Current liabilities		
Contract liabilities	714,556	657,836
Trade payables	726,686	837,892
Other payables	115,064	75,423
Amount due to a Director	72,079	82,318
Tax payable	223,215	-
Finance lease liabilities	42,003	39,694
Bank borrowings	339,328	348,575
Total current liabilities	2,232,931	2,041,738
Total liabilities	**3,617,776**	**3,106,518**
Total liabilities and equity	**5,575,097**	**3,575,637**

The above Condensed Combined Statements of Financial Position should be read in conjunction with the Audited Combined Financial Statements for the financial year ended 31 December 2018 and 31 December 2017.

Supergenics Berhad
(Company No. 1214095-X)
(Incorporated In Malaysia)

UNAUDITED CONDENSED COMBINED STATEMENTS OF CHANGES IN EQUITY FOR FIVE-MONTH FINANCIAL PERIOD ENDED 31 MAY 2019 AND 31 MAY 2018

	Non-distributable Share Capital RM	Distributable Retained Earnings RM	Total RM
At 1 January 2018	250,100	(27,825)	222,275
Profit for the financial period, representing total comprehensive profit for the financial period	-	246,844	246,844
At 31 May 2018	250,100	219,019	469,119
At 1 January 2019	250,100	1,489,682	1,739,782
Issuance of share capital	100	-	100
Profit for the financial period, representing total comprehensive profit for the financial period	-	217,439	217,439
At 31 May 2019	250,200	1,707,121	1,957,321

The above Condensed Combined Statements of Changes In Equity should be read in conjunction with the Audited Combined Financial Statements for the financial year ended 31 December 2018 and 31 December 2017.

Supergenics Berhad
(Company No. 1214095-X)
(Incorporated In Malaysia)

UNAUDITED CONDENSED COMBINED STATEMENTS OF CASH FLOWS FOR FIVE-MONTH FINANCIAL PERIOD ENDED 31 MAY 2019 AND 31 MAY 2018

	UNAUDITED	
	1 JANUARY 2019 TO 31 MAY 2019 RM	1 JANUARY 2018 TO 31 MAY 2018 RM
Cash Flows from Operating Activities		
Profit before taxation	286,104	324,795
Adjustments for:		
Depreciation of property, plant and equipment	63,381	64,414
Interest expenses	42,283	33,931
Interest income	(16)	(1)
Operating profit before working capital changes	391,752	423,139
Changes in working capital		
(Increase)/Decrease in trade and other receivables	(526,201)	1,075,559
Increase in contract assets	-	(1,200,000)
Decrease in trade and other payables	(451,062)	(197,645)
Increase in contract liabilities	152,787	112,229
Decrease in amount due to Directors	(37,817)	(14,509)
Cash (used in)/generated from operation activities	(470,541)	198,773
Tax paid	(50,000)	(42,500)
Interest received	16	1
Interest paid	(42,283)	(33,931)
Net cash (used in)/generated from operating activities	(562,808)	122,343
Cash Flows from Investing Activities		
Purchase of property, plant & equipment	(6,554)	(3,000)
Net cash used in investing activities	(6,554)	(3,000)
Cash Flows from Financing Activities		
Drawdown of banking borrowings	400,000	-
Repayment of bank borrowings	(14,732)	(24,797)
Repayment of hire purchase obligations	(16,820)	(1,764)
Proceed from issuance of share capital	100	-
Net cash generated from/(used in) financing activities	368,548	(26,561)
Net (decrease)/increase in cash & cash equivalents	(200,814)	92,782
Cash and cash equivalents at the beginning of the financial period	(23,608)	(363,744)
Cash and cash equivalents at the end of the financial period	**(224,422)**	**(270,962)**
Cash and cash equivalents at end of the financial year comprises:-		
Cash and bank balances	56,096	53,425
Bank overdraft	(280,518)	(324,387)
	(224,422)	**(270,962)**

The above Condensed Combined Statements of Cash Flows should be read in conjunction with the Audited Combined Financial Statements for the financial year ended 31 December 2018 and 31 December 2017.

A. EXPLANATORY NOTES TO THE UNAUDITED COMBINED INTERIM FINANCIAL REPORT FOR THE FIVE-MONTH FINANCIAL PERIOD ENDED 31 MAY 2019 AND 31 MAY 2018

A1. BASIS OF PREPARATION

The interim financial statements of Supergenics Berhad ("Supergenics" or "Company") and its subsidiary (the "Group") are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and in compliance with the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**"). The financial information of the Company has not been presented in this combined financial statements because it was only incorporated on 23 February 2018 to facilitate the listing of the Group on the LEAP Market of Bursa Malaysia Securities Berhad and has remained dormant since incorporation.

This interim financial report should be read in conjunction with the Audited Combined Financial Statements in Appendix I of the Information Memorandum of Supergenics Berhad and the accompanying explanatory notes attached to this combined interim financial report.

The significant accounting policies and methods of computation adopted by the Group in this combined interim financial report are consistent with those adopted in the Audited Combined Financial Statements in Appendix I of the Information Memorandum of Supergenics Berhad , except for the adoption of the following MFRSs, Amendments to MFRSs and IC Interpretation effective for financial periods beginning on or after 1 January 2019.

MFRSs	**Effective date**
MFRS 16 Leases	01-Jan-19
IC Interpretation 23 Uncertainty Over Income Tax Treatments	01-Jan-19
Amendments to MFRS 9 Prepayment Features with Negative Compensation	01-Jan-19
Amendments to MFRS 119 Plan Amendments, Curtailment or Settlement	01-Jan-19
Amendments to MFRS 128 Long-term interests in Associates or Joint Ventures	01-Jan-19
Annual Improvements to MFRSs 2015 – 2017 Cycle:-	
Amendments to MFRS 3	01-Jan-19
Amendments to MFRS 11	01-Jan-19
Amendments to MFRS 112	01-Jan-19
Amendments to MFRS 123	01-Jan-19

The adoption of the above pronouncements does not have any material impact on the financial statements of the Group.

As at the date of authorisation of the unaudited combined interim financial report. There are pronouncements that were issued but not effective and have not been adopted by the Group. The Directors do not expect that the adoption of these pronouncements do not have a material impact on the financial statements in the date of initial application.

A2. SEASONAL AND CYCLICAL FACTORS

The Group's performance is not significantly affected by seasonal and cyclical factors.

A3. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASHFLOWS

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the financial period ended 31 May 2019.

A4. MATERIAL CHANGES IN ESTIMATES

There were no material changes in critical accounting estimates during the financial period ended 31 May 2019.

A5. DEBT AND EQUITY SECURITIES

In order to facilitate the Proposed Listing, we had on [•], completed the Acquisitions of the entire equity interest in Supergenics Solution Sdn Bhd ("SSSB") and Supergenics Life Science Sdn Bhd ("SLSSB") from our Promoters (collectively, Tan Bii Chau and Tan Pin Yuan) for an aggregate purchase consideration of RM1,699,998 which was satisfied via the issuance of 67,999,900 new Shares at an issue price of RM0.025 per Share. There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period.

A6. SEGMENTAL INFORMATION

The Group's revenue for the financial period under review was derived from the provision of integrated turnkey solutions for the development of cleanrooms and the provision of maintenance services for cleanrooms.

A7. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT FINANCIAN PERIOD

As at 17 June 2019, SLSSB has been given a 12% equity stake in Hope Stemcell without consideration. As mentioned in Section 2.1.4 of this Information Memorandum, we have set aside RM1.0 million for the cost of development of our showcase cleanroom which will be owned and operated as a stem cell laboratory by Hope Stemcell.

A8. CHANGES IN THE COMPOSITION OF THE GROUP

Save as disclosed In Note A5, there were no changes in the composition of the Group for the current financial period.

A9. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

A10. CAPITAL COMMITMENTS

As at the date of this report, the Board is not aware of any material commitments or contingent liabilities incurred or known to be incurred by us, which upon becoming enforceable, may have material impact on our financial position.

A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no valuation of property, plant and equipment during/for the current financial period.

A12. RELATED PARTY TRANSACTIONS

There were no related party transactions during/for the current financial period.

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

The Group recorded a revenue of RM3.46 million for the current financial period ended 31 May 2019, as compared to RM1.87 million in the corresponding period of the preceding year, representing an increase of RM1.59 million or 85.03%. The higher revenue was due to cleanroom projects currently in force.

For the current financial period ended 31 May 2019, our Group's Gross Profit increased by RM0.17 million or 26.6% from RM0.64 million for the Financial Period Ended 31 May 2018 to RM0.81 million. The increase in our Group's Gross Profit was attributable to the increase in revenue of 85.0% but dampened slightly by the increase in our cost of sales of 115.8% as compared to Financial Period Ended 31 May 2018.

The Group recorded profit before taxation of RM0.29 million for the current financial period ended 31 May 2019 as compared to RM0.32 million in the corresponding period of the preceding year, representing a decrease of RM0.03 million or 9.38%. This was mainly attributable to the increase in number of staff as well as an overall adjustment to employees' salary in order for the Group to remain competitive in the employment market.

B2. COMMENTARY ON PROSPECTS

The Group is positive towards its prospects with the future plans set out in Section 4.15 of the Information Memorandum. Please refer to Appendix II of the Information Memorandum for the Independent Market Research Report for the cleanroom industry in Malaysia.

C. OTHER INFORMATION

C1. DIVIDENDS

The Board does not recommend any dividend for the current period.

C2. There are no material litigations pending as at the date of this report.

APPENDIX III

IMR REPORT

infobusiness

3 1 OCT 2019

The Board of Directors
Supergenics Berhad
B07-06 6th Floor
3 Two Square
No. 2, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Dear Sirs,

INDEPENDENT MARKET RESEARCH REPORT ("IMR REPORT") FOR SUPERGENICS BERHAD ("SUPERGENICS")

This Report has been prepared for inclusion in the Information Memorandum pursuant to the listing of Supergenics on the LEAP Market of Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an analysis of the cleanroom industry in Malaysia. The research methodology includes both primary research, involving interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, government literatures, in-house databases, Internet research and online databases.

The report contains information supplied by and analysis based on public and private sources. To the extent such sources have been cited herein, we hereby confirm that we are allowed to make reference to such sources. We believe that they are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information.

Infobusiness Research has prepared the Report in an independent and objective manner and has taken all reasonable consideration and care to ensure its accuracy and completeness. In addition, Infobusiness Research acknowledges that if there are significant changes affecting the contents of the Report after the issue of the Information Memorandum and before the issue of securities, then Infobusiness Research has an on-going obligation to either cause the Report to be updated for the changes or withdraw our consent to the inclusion of the Report in the Information Memorandum.

for and on behalf of
INFOBUSINESS RESEARCH & CONSULTING SDN BHD

Leow Hock Bee
Research Director

infobusiness

Strictly Private & Confidential

Independent Market Research Report

THE CLEANROOM INDUSTRY IN MALAYSIA

PREPARED FOR

SUPERGENICS BERHAD

(FINAL COPY)

31 OCTOBER 2019

Notice:

This Independent Market Research report ("Report") is prepared for inclusion in the Information Memorandum of Supergenics Berhad ("Supergenics") for the listing on the LEAP Market of Bursa Malaysia Securities Berhad.

The Report has been prepared in an independent and objective manner and Infobusiness Research & Consulting Sdn Bhd ("Infobusiness Research") has taken all reasonable consideration and care within its capacity to ensure the accuracy and completeness of the Report in relation to the industry under study. It is our opinion that the Report represents a true and fair assessment of the overall industry within the limitations of, among others, secondary data and statistics.

While every attempt has been made to ensure the completeness of the information presented herein, no representation or warranty, expressed or implied, is made in respect of this information. The Report should not be taken as a recommendation for consideration to buy or not to buy the shares of any company or companies.

Infobusiness Research & Consulting Sdn Bhd
C4-3A-2, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Malaysia

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ABBREVIATIONS

CAGR	:	compounded annual growth rate
CIDB Malaysia	:	Construction Industry Development Board Malaysia
GDP	:	gross domestic product
HVAC	:	heating, ventilation and air-conditioning
HEPA	:	high efficiency particulate air
Government	:	Malaysian Government
M&E	:	mechanical and electrical
MOH	:	Ministry of Health
PRC	:	People's Republic of China
ULPA	:	ultra-low particulate air
US	:	United States
VOCs	:	volatile organic compounds

TECHNICAL GLOSSARY

antimicrobial	:	The ability to destroy or inhibit against microbes such as bacteria, viruses and fungi.
cardiology	:	The diagnoses and treatments of the cardiovascular system in the human body.
HEPA filters	:	A type of filter that is capable of removing 99.97% of contaminant particles with a diameter of 0.3 micron.
in vitro fertilisation	:	It is a procedure in which eggs (ova) from a woman's ovary are removed. They are fertilised with sperm in a laboratory procedure, and then the fertilised egg (embryo) is returned to the woman's uterus.
ischaemic	:	It is a condition in which the blood flow (and thus oxygen) is restricted or reduced.
microbe	:	A microscopic organism such as bacteria, viruses and fungi.
microbial contamination	:	Non-intended or accidental introduction of microbes such as bacteria, viruses and fungi.
micron	:	A millionth of a metre.
pathogen	:	A biological agent that causes disease or illness to its host.
Petri dish	:	It is a shallow cylindrical glass or plastic dish that biologists use to culture cells.
oncology	:	It is the study and treatment of tumours.
orthopaedics	:	It is the field of medicine concerned with the study and treatment of the musculosketetal system, particularly the spine, joints, and muscles.
therapy	:	A treatment intended to relieve or heal a disorder.
ULPA filters	:	A type of filter that is capable of removing 99.999% of contaminant particles with a diameter of 0.12 micron or higher.
VOCs	:	Refer to volatile organic compounds, which can cause eye, nose and throat irritation, frequent headaches, nausea, and can also damage the liver, kidney and central nervous system. VOCs come from a wide range of sources such as household air fresheners, aerosol sprays cans, cleaners and disinfectants.

RESEARCH METHODOLOGY

This study is undertaken with the purpose of providing an analysis of the cleanroom industry in Malaysia and Supergenics' positioning within it.

The research methodology for this study involves both primary research and secondary research approach. Experts' views and scientific research findings are cited whenever possible and necessary in identifying the opportunities and challenges facing the focus industry under study. The process also involves primary research, i.e. conducting interviews with the major players of the focus industry, trade associations and related Government agencies/authorities. Surveys with other relevant parties are conducted through telephone interviews. Primary research is conducted to gain an in-depth understanding of the current supply and demand situations and to provide an overall picture of the market performance and trends.

Secondary research includes gathering of data on statistics of the industry, including reviews on the in-house database of Infobusiness Research as well as various reports from Bank Negara Malaysia, Ministry of Health, Department of Statistics, etc.

For and on behalf of Infobusiness Research & Consulting Sdn Bhd,

…………………………………

Research Director

Leow Hock Bee

INTRODUCTION

For the purpose of facilitating an independent industry research assessment in relation to the business of Supergenics, this Report has been prepared to provide an overview of the industry in which Supergenics is involved in. This Report focuses on the overview, and outlook and prospects of the cleanroom industry in Malaysia, with particular emphasis on the specialised medical laboratories involved in stem cells, assisted reproductive treatments and clinical trials.

1.1 THE MALAYSIAN ECONOMY

The prospects of the Malaysia economy remain robust amid increasing uncertainties in the external environment. Real GDP is expected to expand by 4.7% in 2019 and 4.8% in 2020. Notwithstanding the steady economic performance, the balance of risks to outlook remains on the downside as Malaysia has a high degree of openness. Disruptions to global supply chains emanating from the prolonged trade dispute between major economies, geopolitical tensions, electronics industry slowdown, as well as the volatility in the global financial and commodity markets are anticipated to affect Malaysia's growth momentum in the near term.

The services and manufacturing sectors will continue to be the main contributors to economic growth. The services sector, driven by the activities of the wholesale and retail trade, information and communications, as well as finance and insurance, is projected to remain firm backed by robust household spending. The manufacturing sector is anticipated to pick up in 2020, supported by better semiconductor industry outlook. The export-oriented manufacturers are also expected to benefit from changes in the global supply chains following the US-PRC trade dispute. The domestic-oriented manufacturing industries are projected to be driven by both consumer and construction-related clusters.

The construction sector is anticipated to further expand in 2020, mainly supported by infrastructure projects. However, the performance of the sector will be weighed down by subdued growth in residential and commercial properties. The agriculture sector is expected to experience favourable growth in 2020, attributed to an increase in crude palm oil production and an expansion in oil palm matured areas. The mining sector is forecast to record a marginal growth in 2020, supported by stable natural gas production, following stronger domestic demand from the petrochemical industry and rising exports.

1.2 INTRODUCTION TO THE CLEANROOM INDUSTRY

A cleanroom is the enclosed area of a facility in which the concentration of airborne pollutants such as dust, airborne microbes (eg. bacteria and viruses), VOCs and chemical vapours are controlled to specific limits. They are specified by the number of particles per cubic metre of air. The level of control will be dependent on the particular standards required. In order to control contamination there must be control of the entire environment. Environmental variables such as air flow rates and direction, pressurisation, temperature and humidity all need to be properly and effectively controlled and often central to the process is the use of specialised filtration systems such as HEPA filters.

A cleanroom is constructed in a manner to minimise the generation, introduction and retention of airborne pollutants inside the room. These controlled environments have completely separate systems for HVAC, lighting, flooring and walls. These specifications and requirements must be clearly defined at the outset of any project to avoid quality failure.

A well-conceived cleanroom layout, including placement of workstations and machines in relation to walls, enables air to move with uniform velocity and along parallel flow lines, also known as laminar flow. Laminar flow reduces turbulence, which in turn reduces particle production.

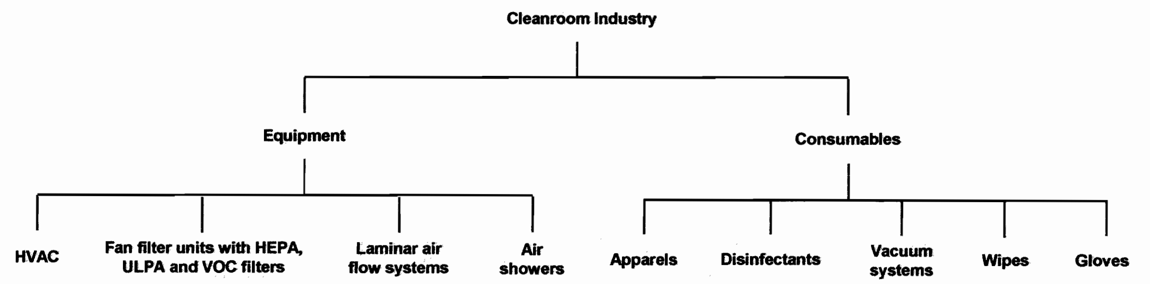
Cleanroom involves many different technologies such as filtration technologies, cleanroom designs and practices such as wearing of protective clothing to achieve and maintain such levels of cleanliness. Staff enter and leave through airlocks (sometimes including an air shower stage), and wear protective clothing such as hats, face masks, boots and coveralls. As the equipment inside the cleanroom is designed to generate minimal air contamination, common materials such as fabrics made from natural fibres are often excluded. Extra precautions are necessary to prevent the growth of microbiological contaminants and electrostatic charges built-up.

Air entering a cleanroom from the outside must be filtered to exclude dust. The air inside a cleanroom must also be constantly recirculated through filters to control contaminants that are generated inside the room. Particle levels are tested using a particle counter and micro-organisms are detected and counted using environmental monitoring methods.

1.3 MAJOR SEGMENTATIONS OF THE CLEANROOM INDUSTRY

The major segmentations of the cleanroom industry are as illustrated below:

Figure 1: Major Segmentations of the Cleanroom Industry



Note:
Supergenics is involved in the provision of all the products and services mentioned above. In addition, it is also able to provide a laboratory monitoring and control system whereby cleanroom operators can remotely control, maintain and monitor the various parameters of their cleanrooms using mobile devices such as smartphones, tablet personal computers and notebook personal computers.

Source: Infobusiness Research

- HVAC – the main purpose is to provide the people working inside buildings with conditioned air so that they will have a comfortable and safe working environment. Conditioned air means that the air is clean and odour-free, and the temperature, humidity, and movement of the air are within certain comfort ranges;

- fan filter units – they provide a high efficiency air filtration system that delivers clean air;

- laminar air flow systems – they are used for unidirectional air flow, whereby the air make a single pass through the cleanroom. The filters are located in the wall or ceiling so that intermediate sources of contamination are eliminated. They must also be sealed into the framing system so that there can be no by-pass of dirty air around them and into the cleanroom;

- air showers – they remove loose contaminants from people and products before they enter the cleanroom;

- apparels – comprise both reusable and disposable garments which are lint-free and non-shedding for use in cleanrooms;

- disinfectants – they are a diverse group of chemicals that reduce the number of micro-organisms present within any given area;

- vacuum systems – they assist to reduce the incidence of airborne contaminants;

- wipes – they are integral to the cleaning process which removes contaminants generally invisible to the naked eye and support the maintenance of good basic hygiene; and

- gloves – their primary purpose is to minimise particle contamination of the product or process from the staff's hands.

1.4 Overview of Specialised Medical Laboratories

Below is an overview of the specialised medical laboratories that Supergenics is involved in the designing and construction of cleanrooms.

1.4.1 Stem Cells Market

Embryonic stem cells are cells that can grow and develop into many different cell types, while adult stem cells from different parts of the body have their own functions and can only grow into specific types of cells. They provide benefits in the fields of regenerative medicine, which refers to the repair or replacement of damaged or diseased tissues. Limbs and organs could be grown in a laboratory from stem cells and then used in transplants or to assist in treating illnesses. At the moment, stem cells are proven to treat diseases of the blood through routines such as bone marrow transplants, as well as tissue grafts to treat diseases or injuries to the bones, skins, and the surface of the eyes.

Stem cells are also used in the process of research to develop new drugs or treatments. They can be turned into models of diseased cells in a Petri dish that medical researchers can use to develop treatments. As a result, stem cells can assist to speed up the process of discovering low cost, effective drugs.

Stem cells used for medical therapy are supported by medical evidence from data and proven trials. Although still in the early stage of the product life cycle, stem cells are used to hasten recovery, improve skin quality and generally enhance the results of cosmetic procedures in cosmetic procedures. There were 14 members in the Malaysian Association for Cell Therapy in 2019. Guidelines for the stem cell industry will be enforced by the MOH from 2021.

1.4.2 ASSISTED REPRODUCTIVE TREATMENTS MARKET

The majority of the human population are delaying marriage, and consequently, childbirth, in favour of pursuing their vocational dreams. For example, the number of marriages in Malaysia declined by 4.9% in 2017, from 200,274 in 2016 to 190,532 in 2017. Many couples are now suffering the consequences of decreased fertility or the inability to conceive, partly due to their decisions to postpone parenthood. Coupled with pollution, toxins and other environmental hazards that they have to contend with on a daily basis, this had led to the flourishment of assisted reproductive centres.

Within Malaysia, the total fertility rate per woman aged between 15 years old and 49 years old has been declining from 4.9 babies in 1970 to 1.9 babies in 2017. This indicates that the average number of babies born per woman throughout her reproductive life has been insufficient to replace herself and her partner. Under Budget 2020, an income tax relief of RM6,000 on expenses incurred for medical treatment of serious illnesses is expanded to include assisted reproductive treatments.

In addition, one of the fastest growing segments in medical tourism in Malaysia is assisted reproductive treatments. Assisted reproductive treatments, alongside cardiology, orthopaedics, oncology and aesthetics are the top five treatments sought by medical tourists in Malaysia. The Malaysian Healthcare Travel Council revealed that Malaysia has a high success rate in vitro fertilisation treatment at 66%, as compared to the global average of 50%, among the various assisted reproductive technologies.

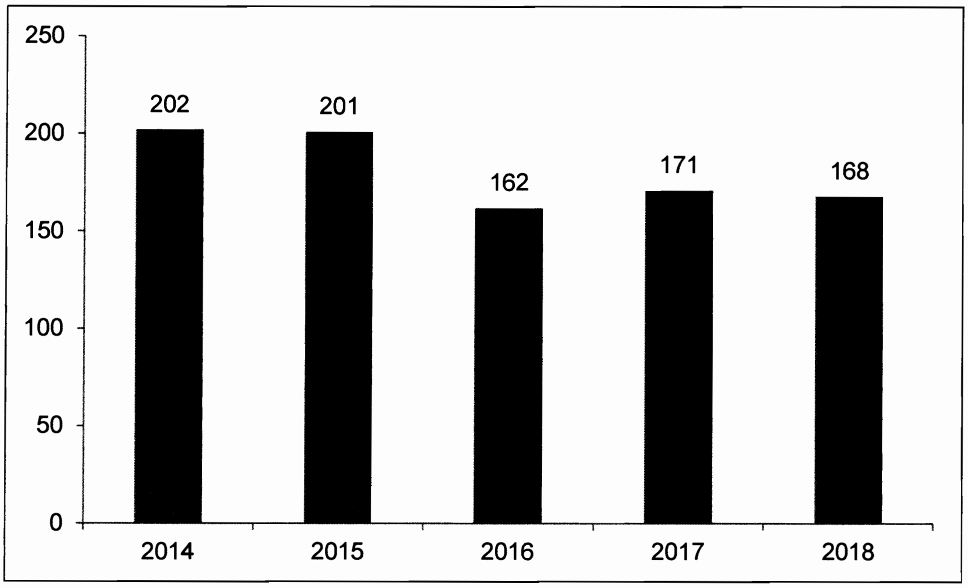
1.4.3 CLINICAL TRIALS MARKET

Malaysia is a favourable destination for clinical trials within the Southeast Asian region. It has a sizeable patient pool with non-communicable diseases such as cardiovascular diseases and cancers affecting a sizeable proportion of the population. Recognising its advantages, the Government has launched Clinical Research Malaysia in 2011 so as to attract clinical trials in the country. The organisation is the centralised body managing the entire clinical trials industry. Clinical trials, involving humans and/or animal testing, encompass the testing of potential treatments in the form of a drug, medical device, or biologic, such as a vaccine, blood product, or gene therapy.

Clinical Research Malaysia is working to increase public-private partnership in oncology to optimise the uptake of oncology clinical trials in Malaysia. It is also working with the Institute of Medical Research and other companies in pre-clinical collaborations to drive a turnover in early phase clinical trials. Additionally, the organisation will promote Malaysia as a clinical trial hub in Asia through participation in international congresses, meetings and social media.

Due to Malaysia's competitive cost in conducting clinical research, speed of approval, quality of sites, doctors and research talents, it is anticipated that the country is able achieve its potential as the clinical trial destination of choice. Malaysia also possesses a comparative advantage from its diverse genetic pool, as a result of its multi-ethnic population. The number of industry sponsored research in clinical trials in Malaysia declined in 2016, before rebounding in the subsequent two years (figure 2). As Malaysia is currently mainly involved in late phase trials, Clinical Research Malaysia is taking steps to attract more clinical trial activities in the upstream sector, so as to attract more pharmaceutical companies into conducting clinical research in Malaysia. This encompasses early phase trials and drug development and discovery. Early phase trials play a crucial role in the development of medicines as it investigates the effect, efficacy and safety of pharmaceutical drugs. This phase overlaps between scientific research and clinical medicine.

Figure 2: Number of Industry Sponsored Research in Clinical Trials



Source: Clinical Research Malaysia

1.5 Demand Conditions

Cleanrooms are found in many healthcare facilities such as specialised medical laboratories due to their mission-critical nature where contaminant particles can adversely affect the operations.

1.5.1 High Risks of Infections in Healthcare Facilities

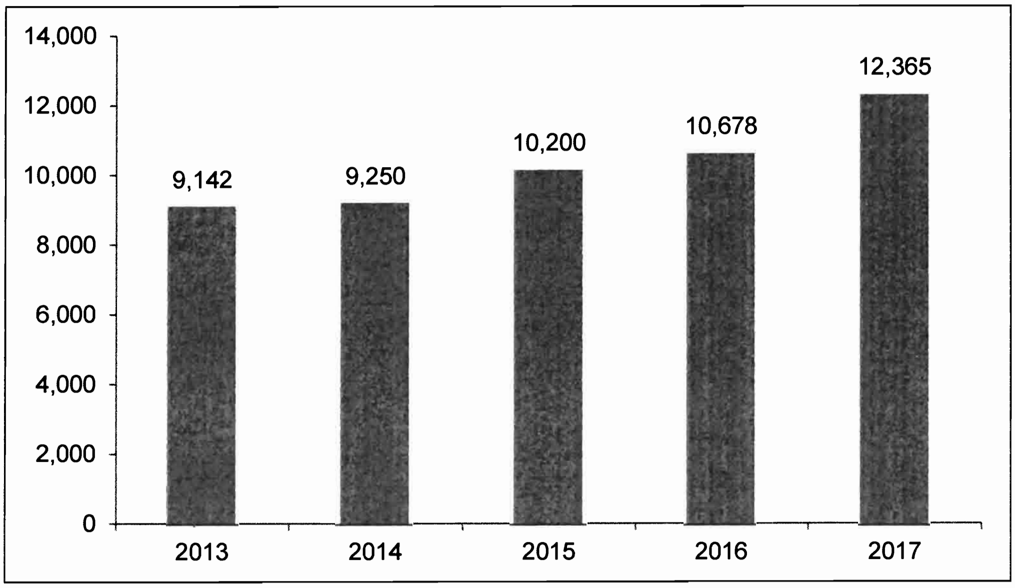
Pneumonia is a lung disease characterised by inflammation of the airspaces in the lungs, most commonly caused by infections through pathogens such as bacteria, viruses or fungi. Due to high patient turnover, frequent staff interaction with patients and surroundings and patient movement through multiple clinical areas, as well as the ever increasing presence of multi-resistant pathogens, there is a high risk of pneumonia infections in healthcare facilities. Patients who are on breathing machines (ventilators) are at higher risk of this type of pneumonia.

Another infection-sensitive environment in healthcare facilities is the operating theatres, which are also present in specialised medical laboratories. Surgical site infections, which are acquired during microbial contaminations when the wounds are open, increase patient vulnerability to pathogens transmitted from the air, skin shedding from surgical personnel, surgical equipment and a patient's own skin flora. Microbial contaminations of the air are a major risk factor in surgical site infections. The bacterial count is influenced by the number of individuals present, ventilation and air flow. Pneumonia infections in healthcare facilities can be serious because the pathogens causing it may be more resistant to antibiotics.

Pneumonia is the second most common principal cause of medically-certified death in Malaysian hospitals, after ischaemic heart diseases. Medically-certified causes of deaths due to pneumonia increased steadily from 9,142 cases in 2013 to 12,365 cases in 2017, yielding a CAGR of 7.8%; as opposed to ischaemic heart diseases which rose by a CAGR of 7.4%, from 10,169 cases to 13,503 cases during the corresponding period of time (figure 3).

Therefore, proper design and ventilation of intensive care units and operating theatres in healthcare facilities, including specialised medical laboratories, is the most important means of controlling airborne contamination and thus preventing airborne infection among patients. In turn, the need to control microbes assists to drive the demand for cleanrooms.

Figure 3: Number of Medically-Certified Deaths Caused by Pneumonia



Note:
Figure for 2018 is not available.

Source: Department of Statistics

1.5.2 A Rapidly Ageing Society

Malaysia is expected to become an ageing society by the year 2020 where the elderly population of people aged 65 years and above comprises 7% of the total population, according to the World Health Organization. The rapid increase in size of the elderly population is also attributed to a change in the leading cause of death, from infections to chronic non-communicable diseases which in turn, increase life expectancy. These chronic conditions include hypertension, high cholesterol, arthritis, diabetes, heart disease, cancer, dementia, and congestive heart failure. Therefore, the burden of diseases afflicting Malaysia is expected to change as a consequence of population ageing.

Ageing brings an increasing number of chronic conditions, the majority of which requires institutional care. As older people are responsible for a significant share of healthcare utilisation, inevitably there is an increase in demand for healthcare facilities and the associated facilities such as cleanrooms for stem cell therapies.

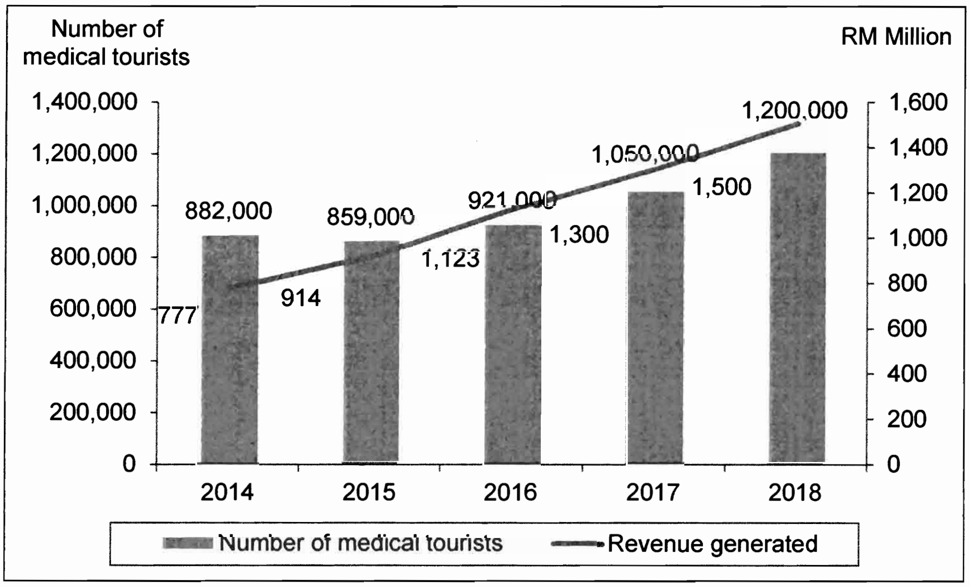
1.5.3 MEDICAL TOURISM

Malaysia is also becoming an attractive destination for medical tourism, with selected private hospitals providing such services. The country is one of the top destinations for medical tourism in the world. The Government recognised that growth in the medical tourism industry can assist in generating valuable foreign currency for the country. Medical tourism in the country is boosted by an English-speaking population, a favourable foreign exchange rate and a comprehensive, sophisticated selection of medical services and procedures that is available at significant lower costs. Many doctors and specialists have been trained to a high level either in the United Kingdom or the US.

The Government will continue to actively promote health tourism through the Malaysian Healthcare Travel Council, which has offices in selected Asian countries. Plans are in place for the establishment of flagship hospitals, the positioning of Malaysia as Asia's leading hub for fertility and cardiology, and the introduction of high end medical packages for medical travellers. Under Budget 2020, the Government has allocated RM25 million to the Malaysian Healthcare Travel Council to assist in the branding of Malaysia as a destination of choice for medical tourism. One of the spin-offs from such programs is higher demand for cleanrooms.

The number of medical tourists arriving in Malaysia increased by a CAGR of 8.0% between 2014 and 2018, up from 882,000 to 1,200,000 arrivals. However, in terms of the revenue generated, it rose by a faster CAGR of 17.9%, from RM777 million to RM1.5 billion during the corresponding period of time (figure 4).

Figure 4: Number of Medical Tourists and Revenue



Source: Malaysian Healthcare Travel Council

1.6 SUPPLY CONDITIONS

1.6.1 SUPPLY OF SKILLED TECHNICAL MANPOWER

Skilled M&E engineers are needed in the design and construction of cleanrooms, among other activities. However, they are in short supply in the cleanroom industry, as there is also demand for skilled M&E engineers from both the construction and manufacturing sectors in the country.

1.6.2 SUPPLY OF CLEANROOM EQUIPMENT AND CONSUMABLES

The various cleanroom equipment and consumables needed for the construction of cleanroom can be procured domestically. They are easily procured locally from the trading companies and sales offices of manufacturers and there is no reliance on imports of such equipment and consumables.

1.7 INDUSTRY CHALLENGES

1.7.1 DESIGN CHALLENGES

Cleanrooms present many design challenges as each user has specific requirements. For instance, it is vital that a cleanroom can maintain its desired temperature so as to protect the products, materials and chemicals stored in it, as they can be sensitive to temperature. This is to prevent the growth of mould and bacteria that can compromise the cleanroom environment.

1.7.2 ABILITY TO PROVIDE CUSTOMISED SOLUTIONS

Companies involved in the provision of planning, design and building of cleanrooms have to be technically competent to meet the specifications of different industries. Cleanrooms are customised to fit the needs of various users. In turn, most processes in each industry are unique and require some level of customisations. For instance, some stem cells grow better in environments with lower oxygen levels.

1.7.2 ABILITY TO COMPLY WITH MOH REGULATIONS

The proposed layout plan, grades and control parameters of cleanrooms have to be submitted to the Pharmacy Practice and Development Division of the MOH for approval prior to the development of the facilities. Prior to use, cleanroom facilities shall be inspected and qualified by auditors from the similar division of the MOH. In order for their services to be accepted in the industry, cleanroom planners, designers and builders need to comply with these regulations.

1.8 GOVERNMENT LEGISLATIONS

The CIDB Malaysia is the main regulatory agency for the construction industry and was tasked with registering contractors. All contractors, including cleanroom builders, require mandatory registration with the CIDB Malaysia as provided for under the Construction Industry Development Board Act 1994.

1.9 MAJOR INDUSTRY PLAYERS

Supergenics is a planner, designer, builder and validator of cleanrooms in the life sciences market. The selected comparable companies in Malaysia are based on their similar business activities as Supergenics, as shown in the table below.

Table 1: Business Activities and Revenue of Comparable Companies to Supergenics

Company	Business Activities	Latest FYE	Revenue ('000)
Supergenics	It is a planner, designer, builder and validator of cleanrooms in the life sciences markets.	31/12/18	RM6,655.7
Amerco Engineering Sdn Bhd	Involved in the provision of design and construction of clean rooms for the life sciences, pharmaceutical, medical devices, semiconductor and food processing markets.	30/06/18	RM7,828.7
Coolaire Engineering Sdn Bhd	Involved in the provision of design and construction of cleanrooms for the life sciences, pharmaceutical, semiconductor and food processing markets.	31/12/17	RM13,613.8
Lufter Sdn Bhd	Involved in the provision of design and construction of cleanrooms for the life sciences, food processing and pharmaceutical markets.	31/07/18	RM17,996.9
Micron (M) Sdn Bhd	It specialises in the design and building of cleanrooms for the life sciences, pharmaceutical, medical devices and semiconductor markets.	31/12/17	RM19,666.9
OMS Technology Sdn Bhd[1]	It is a subsidiary of MSM International Limited, a company listed on the Singapore Exchange. It is involved in the design, consultancy and installation works for cleanrooms and laboratories in the life sciences markets.	31/03/18	RM18,146.8
QTS Sdn Bhd	It is a design and building cleanroom specialist for the life sciences, pharmaceutical, food processing, semiconductor and medical devices markets.	31/12/18	RM13,183.7
Viron Technology Sdn Bhd	It is a specialist contractor involved in the design and construction of cleanrooms for the life sciences, electronics, food processing and pharmaceutical markets.	31/12/18	RM5,223.3

Notes:

1 = For the financial period between 1/1/17 and 31/3/18

The list of comparable companies is not exhaustive. Some companies are diversified into other fields of engineering outside the cleanroom industry, and hence, are not listed.

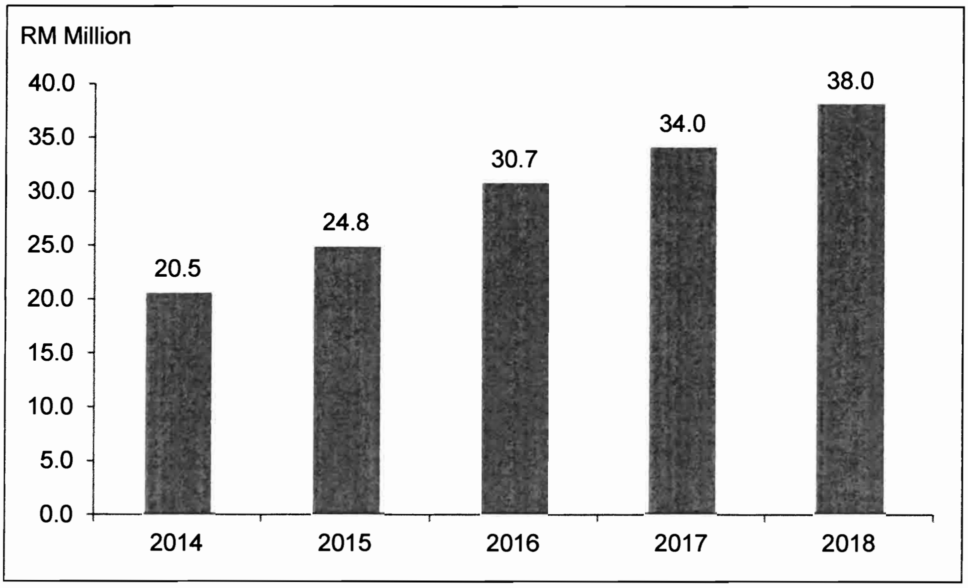
As segmented revenues are not available, the revenue of the comparable companies above include the design and construction of cleanrooms for other markets such as food processing, semiconductor, pharmaceuticals and medical devices.

Source: Supergenics, Companies Commission of Malaysia and Companies' websites.

1.10 MARKET SIZE AND MARKET SHARE

The cleanroom market in specialised medical laboratories expanded from RM20.5 million in 2014 to RM38.0 million in 2018, yielding a CAGR of 16.7% (figure 5). As Supergenics recorded revenue of RM6.7 million in 2018, its market share was 17.6% in the same year.

Figure 5: Market Size for Cleanrooms in Specialised Medical Laboratories in Malaysia



Source: Infobusiness Research

1.11 INDUSTRY OUTLOOK AND PROSPECTS

The cleanroom market in specialised medical laboratories amounted to about RM38.0 million in Malaysia in 2018 and this expected to increase to around RM58.0 million in 2023, yielding a CAGR of 8.8%.

Cleanrooms play a mission-critical role in ensuring patient and staff safety in specialised medical laboratories, through the preventions of viral and bacterial infections. They assist to minimise and control the level of airborne particulates and maintain an antimicrobial environment. Healthcare facilities such as specialised medical laboratories are one of the most tightly-controlled spaces in terms of monitoring the indoor environment.

Although stem cell therapy is still highly experimental in most fields of medicines, interests in stem cell treatments are becoming more popular as technology progresses. This is anticipated to generate a further rise in the demand for cleanrooms in stem cell laboratories, in particular to cater for the fast growing number of patients seeking youthful looks in cosmetic surgery. It is anticipated that aesthetic dermatology will gradually move towards cell and tissue therapy as the primary means of treatment in the stem cell market in the near future. This is in addition to stem cells used in mainstream regenerative medicine.

The field of clinical research which is heavily promoted by the Government generates numerous benefits in terms of improving patients' choices, as well as raking in economic benefits for the country. Pharmaceutical companies are increasingly undertaking clinical studies designed to add to medical knowledge related to the treatment, diagnosis and prevention of diseases or conditions. Both the safety and efficacy of the new product or approach needs to be determined before they are commercialised for the market. In turn, this is expected to further boost the demand for cleanrooms in the clinical trials laboratories.

For millions of couples around the world, the inability to bear children is a personal tragedy and the vast majority suffer psychological stress and emotional pain. Furthermore, the agony is compounded by a social stigma. Due to such fertility issues, both local and foreign patients are seeking assisted reproductive treatments. The ability of cleanrooms to provide good, clean air quality is essential for optimal embryo developments in assisted reproductive treatments, so as to assist women to give birth to healthy babies. In turn, this is projected to boost the demand for cleanrooms used in assisted reproductive treatments.