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SINCE 1982

岩石汽车工业集团  
SOLID AUTOMOTIVE BERHAD

No 5, Jalan Dataran 5, Taman Kempas, 81200 Johor Bahru, Johor Darul Takzim, Malaysia.  
Tel : (607) 238 1782 / Fax : (607) 238 9073 / Website: www.solidautomotive.com

PROSPECTUS / SOLID AUTOMOTIVE BERHAD



岩石汽车工业集团  
**SOLID AUTOMOTIVE BERHAD**

(Company No. 1016725-P)  
(Incorporated in Malaysia under the Companies Act, 1965)



**PROSPECTUS**  
This Prospectus is dated 19 August 2013

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:

(I) PUBLIC ISSUE OF 35,384,000 NEW ORDINARY SHARES OF RM0.50 EACH ("SHARES") IN THE FOLLOWING MANNER:

- 7,500,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE PUBLIC;
- 9,847,500 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
- 15,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY; AND
- 3,036,500 NEW SHARES BY WAY OF PLACEMENT TO SELECTED INVESTORS;

AND

(II) OFFER FOR SALE OF UP TO 8,361,000 EXISTING SHARES BY WAY OF PLACEMENT TO SELECTED INVESTORS,

AT AN ISSUE/OFFER PRICE OF RM0.56 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Underwriter and Placement Agent

 **ALLIANCE INVESTMENT BANK**  
Alliance Investment Bank Berhad (21605-D)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Adviser

 **MainStreet**  
MAINSTREET ADVISERS SDN BHD  
(Company No. 790320-P)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS.  
IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER.  
TURN TO SECTION 4 HEREIN FOR THE 'RISK FACTORS'.

## RESPONSIBILITY STATEMENTS

Our Board, Promoters and Offerors (as defined herein) have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, there is no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

Alliance Investment Bank Berhad, being our Principal Adviser, Underwriter and Placement Agent acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our Public Issue and Offer for Sale (as defined herein).

MainStreet Advisers Sdn Bhd, being our Joint Adviser acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our Public Issue and Offer for Sale (as defined herein).

## STATEMENTS OF DISCLAIMER

The Securities Commission (“SC”) has approved the Public Issue and Offer for Sale (as defined herein) and a copy of this Prospectus has been registered by the SC. The approval and registration of this Prospectus should not be taken to indicate that the SC recommends our Public Issue and Offer for Sale or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure on our part and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN OUR COMPANY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

Approval has been obtained from Bursa Malaysia Securities Berhad (“Bursa Securities”) for the listing of and quotation for the securities being offered. Our admission to the official list of Bursa Securities is not to be taken as an indication of the merits of our Public Issue and Offer for Sale, our Company or our securities.

Bursa Securities is not liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, together with the application form, has also been lodged with the Registrar of Companies (“ROC”) who takes no responsibility for its contents.

## OTHER STATEMENTS

As with all investments, you should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to amongst others, this Prospectus, our latest financial statements and corporate announcements. You are strongly recommended to seek advice from your stockbroker, solicitor, accountant or other professional advisers.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 (“CMSA”).

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning our Public Issue and Offer for Sale for which any of the persons set out in Section 236 of the CMSA, e.g. directors and advisers, are responsible.

This Prospectus is prepared and published solely for our Public Issue and Offer for Sale in Malaysia under the laws of Malaysia. Our Issue Shares (as defined herein) are issued in Malaysia solely based on the contents of this Prospectus. Our Board, Promoters, Offerors, Principal Adviser, Joint Adviser, Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our Public Issue and Offer for Sale, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility, if you are or may be subject to the laws of any country or jurisdiction other than Malaysia, to consult your legal and/or other professional advisers as to whether your application for our Public Issue and Offer for Sale would result in the contravention of any law of such country or jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for our Public Issue and Offer for Sale would be in compliance with the terms of this Prospectus and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you have accepted our Public Issue and Offer for Sale in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

The distribution of this Prospectus and the accompanying documents are subject to Malaysian laws. Our Board, Promoters, Offerors, Principal Adviser, Joint Adviser, Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Board, Promoters, Offerors, Principal Adviser, Joint Adviser, Underwriter and Placement Agent have not taken any action to permit a Public Issue and Offer for Sale of our securities based on this Prospectus or the distribution of this Prospectus outside Malaysia.

This Prospectus may not be used as an offer to sell or an invitation to buy our securities in any jurisdiction or in any circumstance in which such an offer or invitation is not authorised or is unlawful. This Prospectus shall also not be used to make an offer of or invitation to buy our securities to any person to whom it is unlawful to do so. Our Board, Promoters, Offerors, Principal Adviser, Joint Adviser, Underwriter and Placement Agent require you to inform yourself and to observe such restrictions.

This Prospectus can also be viewed or downloaded from Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The contents of the electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You may obtain a copy of the electronic prospectus from the website of Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com), the website of CIMB Investment Bank Berhad at [www.eipocimb.com](http://www.eipocimb.com), and the website of CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my). You may also obtain a copy of the electronic prospectus from the website of Malayan Banking Berhad at [www.maybank2u.com.my](http://www.maybank2u.com.my), the website of Public Bank Berhad at [www.pbebank.com](http://www.pbebank.com) and the website of RHB Bank Berhad at [www.rhb.com.my](http://www.rhb.com.my) via hyperlink to the website of Bursa Securities.

The internet is not a fully secured medium. Internet applications may be subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond control of the Internet Participating Financial Institution. These risks cannot be borne by the Internet Participating Financial Institution.

If you are in doubt about the validity or integrity of an electronic prospectus, you should immediately request from us, Equiniti Services Sdn Bhd or our Principal Adviser a paper/printed copy of this prospectus. If there is any discrepancy between the contents of the electronic prospectus and the paper/printed copy of this prospectus, the contents of the paper/printed copy of this prospectus, which is identical to the copy of the prospectus registered with the SC, shall prevail. The electronic prospectus submitted to the SC and Bursa Securities is the same as the registered paper printed copy.

In relation to any reference in this prospectus to third party internet sites (referred to as "Third Party Internet Sites") whether by way of hyperlinks or by way of description of the third party internet sites, you acknowledge and agree that:

- (i) We do not endorse and are not affiliated in any way to the Third Party Internet Sites. Accordingly, we are not responsible for the availability of, or the content or any data, files or other material provided on the Third Party Internet Sites. You bear all risks associated with the access to or use of the third party internet sites;
- (ii) We are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, files or other material provided by such parties; and
- (iii) Any data, file or other material downloaded from the Third Party Internet Sites is done at your discretion and risk. We are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an electronic prospectus is hosted on the website of the Internet Participating Financial Institution, you are advised that:

- (i) The Internet Participating Financial Institution is only liable in respect of the integrity of the contents of the electronic prospectus, i.e. to the extent that the content of the electronic prospectus on the web server of the Internet Participating Financial Institution may be viewed via web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of the electronic prospectus, which has been obtained from the web server of the Internet Participating Financial Institution, and subsequently communicated or disseminated in any manner to you or other parties; and
- (ii) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the electronic prospectus, the accuracy and reliability of the electronic prospectus cannot be guaranteed because the internet is not a fully secured medium.

The Internet Participating Financial Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the electronic prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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## INDICATIVE TIMETABLE

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

EVENT	TENTATIVE DATE / TIME
Issuance of Prospectus/ Opening of application for our Public Issue and Offer for Sale	19 August 2013 at 10.00 a.m.
Closing of application for our Public Issue and Offer for Sale	30 August 2013 at 5.00 p.m.
Balloting of applications	3 September 2013
Allotment of shares to successful applicants	10 September 2013
Listing on the Main Market	12 September 2013

Our Board, Promoters and Offerors together with Alliance, may mutually decide at their absolute discretion to extend the date for the closing of applications to any later date or dates. If the date of closing of application is extended, the dates of balloting, allotment and listing would be extended accordingly. We will publish any extension of the date of closing of application in a widely circulated English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of application. **Late applications will not be accepted.**

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## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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All references to “our Company” in this Prospectus are to Solid Automotive Berhad, while references to “our Group” are to our Company and our subsidiary companies. 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 as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Board.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” section of this Prospectus. 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. References to persons shall include companies and corporations.

Unless otherwise stated, any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia.

Any reference to any enactment in this Prospectus shall be a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus; provided that where no source is stated, it can be assumed that the information originates from us.

In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by Protégé Associates Sdn Bhd, an independent business and market research consulting firm. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, neither we nor our Principal Adviser and Joint Adviser have independently verified these data. Neither we nor our Principal Adviser and Joint Adviser make any representation as to the correctness, accuracy or completeness of such data, hence accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and you should not place undue reliance on the third party projections cited in this Prospectus.

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

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## **FORWARD-LOOKING STATEMENTS**

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

Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group operates. Additional factors that could cause our Group's actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 - Risk Factors and Section 12 - Management Discussion and Analysis of Financial Condition, Results of Operations and Prospects of this Prospectus.

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

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

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**DEFINITIONS**

Unless otherwise defined or the context otherwise requires, the following definitions shall apply throughout this Prospectus:

Acquisition of Auto Empire	:	Acquisition by Solid of the entire issued and paid-up share capital of Auto Empire for a purchase consideration of RM9,511,500 satisfied by the issuance of 18,522,394 new Solid Shares at par value and cash consideration of RM250,303
Acquisition of JBS	:	Acquisition by Solid Corporation of 10.00% equity interest in JBS not already owned by Solid Corporation for a purchase consideration of RM159,939 satisfied by the issuance of 319,878 new Solid Shares at par value
Acquisition of Solid Corporation	:	Acquisition by Solid of 99.56% equity interest in Solid Corporation for a purchase consideration of RM40,289,363 satisfied by the issuance of 80,578,726 new Solid Shares at par value
Acquisition of Twinco	:	Acquisition by Solid of the entire issued and paid-up share capital of Twinco for a purchase consideration of RM7,597,500 satisfied by the issuance of 15,195,000 new Solid Shares at par value
Acquisitions	:	Acquisition of Auto Empire, Acquisition of JBS, Acquisition of Solid Corporation and Acquisition of Twinco, collectively
Act	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
ADA	:	Authorised Depository Agent
Alliance or Principal Adviser or Underwriter or Placement Agent	:	Alliance Investment Bank Berhad (21605-D)
Application Form(s)	:	The printed application form(s) for the application of our IPO Shares accompanying this Prospectus
ATM(s)	:	Automated Teller Machine(s)
Auto Empire	:	Auto Empire Impex Pte Ltd (198703437E)
Board	:	Board of Directors of Solid
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CDS Account	:	An account established by Bursa Depository for a depositor for the recording of deposits or withdrawals of securities and for dealings in such securities by the depositor
Central Depositories Act	:	The Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof

**DEFINITIONS (Cont'd)**

CFO	:	Certificate of Fitness for Occupation
CMSA	:	Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
Crowe Horwath or Reporting Accountants	:	Crowe Horwath (AF1018)
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EPS	:	Earnings per share
Euro	:	The official currency of the European Union's member states
ESA or Electronic Share Application	:	Application for our Public Issue Shares through a Participating Financial Institution's ATM
FRS	:	Financial Reporting Standards
FYE	:	Financial year ended
GP	:	Gross profit
HKT	:	HKT Auto Electrical Parts Sdn Bhd (446168-W)
HP	:	Horsepower
HQ	:	Headquarter
IMR Report	:	Independent Market Research Report titled 'Strategic Analysis of the Automotive Aftermarket for Parts and Components in Malaysia' prepared by Protégé
In-house brand	:	Automotive parts which are marketed under Solid's trade marks
IPO	:	Public Issue and Offer for Sale, collectively
IPO Price	:	The issue/offer price of RM0.56 per IPO Share
IPO Share(s)	:	The Public Issue Shares and the Offer for Sale Shares, collectively
Issuing House or Equiniti	:	Equiniti Services Sdn Bhd (11324-H)
JBS	:	JBS Auto-Tech Sdn Bhd (609175-K)
Listing	:	The admission to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM75,000,000 comprising 150,000,000 Shares on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities, as amended or expanded from time to time
Listing Scheme	:	Acquisitions, Public Issue, Offer for Sale and Listing, collectively
LPD	:	30 June 2013, being the latest practicable date prior to the issuance of this Prospectus

**DEFINITIONS (Cont'd)**

MainStreet Advisers or Joint Adviser	:	MainStreet Advisers Sdn Bhd (790320-P)
Market Day	:	Any day between Monday and Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for trading of securities
MATRADE	:	Malaysia External Trade Development Corporation
MD	:	Managing Director
MITI	:	Ministry of International Trade and Industry
NA	:	Net assets
NBV	:	Net book value
NL	:	Net liabilities
OBM	:	Original brand manufacturer
OEM	:	Original equipment manufacturer
Offer for Sale	:	Offer for sale by the Offerors of up to 8,361,000 Shares by way of placement to selected investors at the IPO Price
Offer for Sale Share(s) or Offer Share(s)	:	Up to 8,361,000 Solid Shares to be offered for sale by the Offerors
Offerors	:	Ker Mong Keng, Ker Meng Oi, Ker Soo Ha and Yeo Guik Hiang, collectively
Participating Financial Institution(s)	:	The participating financial institution(s) for the ESA as listed in Section 17 of this Prospectus
PAT	:	Profit after tax/ profit for the financial year
PBT	:	Profit before tax
PE Multiple	:	Price-earnings multiple
Promoters	:	Ker Min Choo, Ker Mong Keng, Ker Meng Oi and Ker Soo Ha, collectively
Prospectus	:	This prospectus dated 19 August 2013 in relation to our IPO
Protégé	:	Protégé Associates Sdn Bhd (675767-H)
Public	:	All persons or members of the public but excluding our Directors, substantial shareholders and persons connected or associated with them (as defined in the Listing Requirements)
Public Issue	:	The 35,384,000 new Solid Shares, representing approximately 23.59% of the enlarged issued and paid-up share capital of Solid at the IPO Price
Public Issue Share(s) or Issue Share(s)	:	35,384,000 new Solid Shares to be issued pursuant to the Public Issue
QC	:	Quality Control
QMS	:	Quality Management System

## DEFINITIONS *(Cont'd)*

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R&D	:	Research and development
RM and sen	:	Ringgit Malaysia and sen, respectively
SC	:	Securities Commission
SGD	:	Singapore Dollar
SKU	:	Stock-keeping unit is an identification of a particular product that allows it to be tracked for inventory purposes
Solid Corporation	:	Solid Corporation Sdn Bhd (88187-A)
Solid Corporation Group	:	Solid Corporation and its subsidiary companies, collectively
Solid Group or Group	:	Solid and its subsidiary companies, collectively
Solid or Company	:	Solid Automotive Berhad (1016725-P)
Solid Share(s) or Share(s)	:	Ordinary share(s) of RM0.50 each in Solid
sq. ft.	:	Square feet
Third party brand	:	Automotive parts which are not marketed under Solid's trade mark
Twinco	:	Twinco Far East Sdn Bhd (324516-P)
UAE	:	United Arab Emirates
UK	:	United Kingdom
Underwriting Agreement	:	The underwriting agreement dated 2 August 2013 made between our Company and our Underwriter for the underwriting of 22,500,000 Public Issue Shares available for application by the Public and for placement to Bumiputera investors approved by MITI
Uni Point	:	Uni Point Marketing (M) Sdn Bhd (72146 – U)
US or USA	:	United States of America
USD	:	United States of America Dollar

## **Technical References**

Air compressor	:	A device that converts power (usually from an electric motor, a diesel engine or a gasoline engine) into kinetic energy by compressing and pressuring air, which, on command, can be released in quick bursts
Air/oil filter	:	A filter found in a motor vehicle that cleans the air by trapping dirt particles and preventing them from damaging the engine cylinders, walls, piston and piston rings. Oil filter is a filter found in a motor vehicle that takes in dirty oil and removes the particulates and crud which are harmful to the engine by trapping them in the filter media and returns the clean oil to the engine
Air spring	:	A load carrying component within an air suspension system that helps to reduce vibration

**DEFINITIONS (Cont'd)**

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Alternator	:	An electromechanical device that can charge the battery or power the electrical system of a motor vehicle when the engine is running by converting mechanical energy into electrical energy
Automotive aftermarket	:	All products and services purchased for all motor vehicles after completion of the initial sales of these motor vehicles to the consumers
Axle	:	A central shaft attached to a rotating wheel or gear that supports the vehicle load
Beacon	:	Rotating light affixed to the roof of a motor vehicle such as police car, ambulance and fire engine that are used to attract attention of surrounding pedestrians or motor vehicles
Brake drum	:	A round metal drum which rotates along the wheel, contacts with brake shoe when brake pedal is stepped and slows down a moving vehicle by converting its momentum into heat
Carburator	:	A device in motor vehicle which blends air and fuel for an internal combustion engine
Clutch cover	:	A metal casing which encases the clutch disc
Clutch disc	:	The part of the clutch which receives the driving motion for the flywheel and pressure plate assembly and transmits the motion to the transmission shaft
Core	:	Used alternator and starter units that can be remanufactured into a fully functional rebuilt alternators and starters
Crankshaft	:	A rotating component of an engine mounted to the lower side of the engine block that converts vertical piston movement into rotary motion
Drag link	:	A link which connects the steering gear to the steering arm to transmit motion to turn the wheels
Gasket	:	A mechanical seal made of asbestos, cardboard, cork, paper, rubber, or soft metal which is used to prevent gas or fluid leakages between two (2) matched parts
Gearbox	:	A collection of mechanical components that delivers power from an engine by managing a series of gear ratios that in turn operate a transmission
Ignition coil	:	An induction coil that amplify the low voltage of battery to create electric spark in spark plug
Intake and exhaust manifold	:	Intake manifold supplies air or a mixture of air and fuel to the cylinders in engine while exhaust manifold collects and channels exhaust gases from multiple cylinders into one (1) pipe
Leaf spring	:	Part of vehicle suspension which consist of one (1) or more slightly curved narrow plates of equal width and varying lengths clamped together with shorter plates in the centre to form a semi elliptical shape
Liner	:	A thin cylindrical metal part that is fitted into an engine block to form a cylinder
Oil sump	:	A low space below the engine that pools the oil used to lubricate the engine's moving parts

**DEFINITIONS (Cont'd)**

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Piston	: A moving engine component contained by a cylinder liner that transfers force from expanding gas in the liner to the crankshaft
Propeller shaft	: A shaft used to connect components which cannot be connected directly due to the distance in between the components
Regulator	: A device used to manage or maintain a characteristic at a designated range of value of electrical voltage
Relay	: An electrically operated switch used to control a circuit
Remanufacturing	: A process which involves disassembly of cores into its sub-components, checking and cleaning of sub-components, repairing or replacing of defective components, reassembling of parts and components, readjustment if necessary, and final testing. The components used for replacement may be new or rebuilt themselves
Sealed beam	: A type of lamp which is used as a vehicle's headlamp
Shock absorber	: A mechanical device in a motor vehicle which is used to smooth out shock impulse
Solenoid switch	: A coil-shaped switches and valves activator that converts electrical energy to mechanical energy via a magnetic field to exert a force
Starter	: A device that initiates the first rotation of the internal combustion engine
Stator	: An assembly in alternator that makes the magnetic field for armature to rotate for electricity generation
Steering pump	: A pump that propels the steering fluid out of it into the steering pump system to lubricate and reduce heat of the steering system

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name/Designation</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Chee Ho Chun <i>Independent Non-Executive Chairman</i>	D3-04, Seri Bayan Condo Klebang Besar 76400 Melaka	Director	Malaysian
Ker Min Choo <i>Managing Director</i>	3, Jalan Saujana 2 Horizon Hills 79100 Nusajaya Johor Darul Takzim	Director	Malaysian
Ker Mong Keng <i>Executive Director</i>	74, Jalan Danau Taman Tasek 80200 Johor Bahru Johor Darul Takzim	Director	Malaysian
Ong Kheng Swee <i>Executive Director</i>	36, Jalan Musang Pulut Century Garden 80250 Johor Bahru Johor Darul Takzim	Director	Malaysian
Ker Meng Oi <i>Executive Director</i>	B-37-1 9 Bukit Utama No. 9, Persiaran Bukit Utama 47800 Petaling Jaya Selangor Darul Ehsan	Director	Malaysian
Kek Kok Swee <i>Independent Non-Executive Director</i>	29, Jalan Tasek Taman Tasek 80200 Johor Bahru Johor Darul Takzim	Director	Malaysian
Azahar bin Baharudin <i>Independent Non-Executive Director</i>	Lot 11253 Jalan Melor 2 Sungai Kantan 43000 Kajang Selangor Darul Ehsan	Director	Malaysian

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Azahar bin Baharudin	Chairman	Independent Non-Executive Director
Chee Ho Chun	Member	Independent Non-Executive Chairman
Kek Kok Swee	Member	Independent Non-Executive Director

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Chee Ho Chun	Chairman	Independent Non-Executive Chairman
Kek Kok Swee	Member	Independent Non-Executive Director
Azahar bin Baharudin	Member	Independent Non-Executive Director

**1. CORPORATE DIRECTORY (Cont'd)**

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**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Kek Kok Swee	Chairman	Independent Non-Executive Director
Chee Ho Chun	Member	Independent Non-Executive Chairman
Ker Min Choo	Member	Managing Director

**COMPANY SECRETARY** : Lilian Low (LS 00106)  
 157A, Jalan Sri Pelangi  
 Taman Pelangi  
 80400 Johor Bahru  
 Johor Darul Takzim  
 Tel: (607) 332 6925  
 Fax: (607) 332 6988

**REGISTERED OFFICE** : 157A, Jalan Sri Pelangi  
 Taman Pelangi  
 80400 Johor Bahru  
 Johor Darul Takzim  
 Tel: (607) 332 6925  
 Fax: (607) 332 6988

**HEAD OFFICE** : No. 5, Jalan Dataran 5  
 Taman Kempas  
 81200 Johor Bahru  
 Johor Darul Takzim  
 Tel: (607) 238 1782  
 Fax: (607) 238 9073  
 Website: [www.solidautomotive.com](http://www.solidautomotive.com)  
 Email: [ir@solidautomotive.com](mailto:ir@solidautomotive.com)

**REPORTING ACCOUNTANTS & AUDITORS** : Crowe Horwath (AF1018)  
 30-04, Level 30, Menara Landmark  
 12 Jalan Ngee Heng  
 80000 Johor Bahru  
 Johor Darul Takzim  
 Tel: (607) 278 1268  
 Fax: (607) 278 1238

**SOLICITORS** : Azman Davidson & Co  
 Suite 13.03, 13th Floor  
 Menara Tan & Tan  
 207, Jalan Tun Razak  
 50400 Kuala Lumpur  
 Tel: (603) 2164 0200  
 Fax: (603) 2164 0280

CitiLegal LLC  
 (Registration number (UEN) : 200104027H)  
 150, Cecil Street  
 #15-01  
 Singapore 069543  
 Tel: (65) 6333 1611  
 Fax: (65) 6338 6277

**I. CORPORATE DIRECTORY (Cont'd)**

---

- INDEPENDENT MARKET RESEARCHER** : Protégé Associates Sdn Bhd (675767-H)  
Suite C-06-06 Plaza Mont' Kiara  
2, Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur  
Tel: (603) 6201 9301  
Fax: (603) 6201 7302
- PRINCIPAL BANKERS** : Hong Leong Bank Berhad (97141-X)  
Johor Bahru Business Centre  
2<sup>nd</sup> Floor, No. 12-16  
Jalan Wong Ah Fook  
80000 Johor Bahru  
Johor Darul Takzim  
Tel: (607) 226 8980 / 226 8698  
Fax: (607) 226 9131
- AmBank (M) Berhad (8515-D)  
31<sup>st</sup> Floor, Selesa Tower  
Jalan Dato' Abdullah Tahir  
80250 Johor Bahru  
Johor Darul Takzim  
Tel: (607) 334 8766  
Fax: (607) 335 8928
- ISSUING HOUSE** : Equiniti Services Sdn Bhd (11324-H)  
Level 8, Menara MIDF  
82, Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel : (603) 2166 0933  
Fax: (603) 2166 0688
- SHARE REGISTRAR** : Equiniti Services Sdn Bhd (11324-H)  
Level 8, Menara MIDF  
82, Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel : (603) 2166 0933  
Fax: (603) 2166 0688
- PRINCIPAL ADVISER,  
UNDERWRITER AND PLACEMENT  
AGENT** : Alliance Investment Bank Berhad (21605-D)  
Level 3, Menara Multi-Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel: (603) 2604 3333  
Fax: (603) 2694 6200
- JOINT ADVISER** : MainStreet Advisers Sdn Bhd (790320-P)  
25-7 Block B, Jaya One  
72A, Jalan Universiti  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel: (603) 7968 3398  
Fax: (603) 7954 2299
- LISTING SOUGHT** : Main Market of Bursa Securities

## 2. SUMMARY INFORMATION

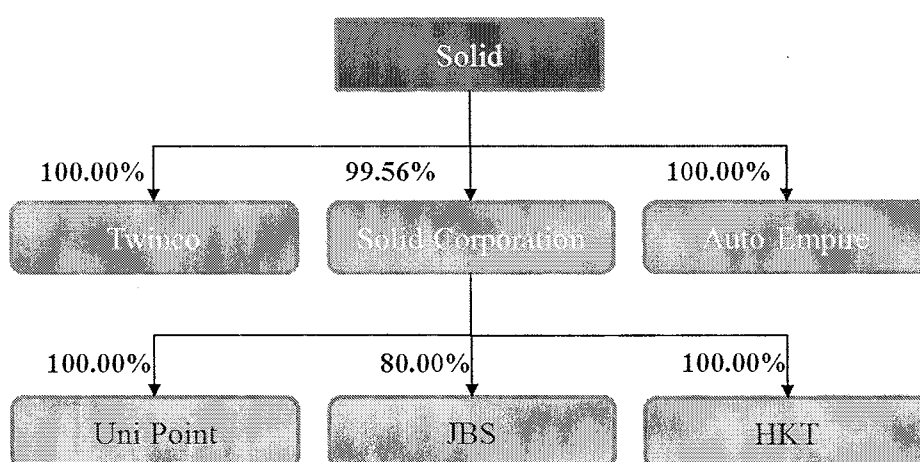
**THIS INFORMATION SUMMARY SETS OUT THE SALIENT INFORMATION CONTAINED IN THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THIS INFORMATION SUMMARY TOGETHER WITH THE FULL TEXT OF THIS PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN OUR SHARES.**

### 2.1 OUR HISTORY AND BUSINESS

Solid was incorporated in Malaysia under the Act as a public limited company on 12 September 2012 under the name Solid Automotive Berhad to facilitate our listing on the Main Market of Bursa Securities.

As at the LPD, our Company's authorised share capital is RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each, of which 114,616,000 ordinary shares of RM0.50 each has been issued and fully paid-up. For the purpose of our Listing, we have also completed the Acquisitions on 13 June 2013.

Our Group structure is as follows:



Company	Principal Activities
Solid	Investment holding and provision of management services
<b>Trading and Distribution</b>	
Twincoco	Trading and distribution of automotive engine and mechanical parts and components
Solid Corporation	Trading and distribution of automotive electrical parts and components
Auto Empire	Trading and distribution of automotive engine and mechanical parts and components
Uni Point	Trading and distribution of automotive electrical parts and components
<b>Remanufacturing</b>	
JBS	Remanufacturing of automotive alternators and starters
<b>Others</b>	
HKT	Ceased operations

Please refer to Section 6.1.2 of this Prospectus for further details in relation to Solid Group's principal activities.

## 2. SUMMARY INFORMATION (Cont'd)

Our Group's history can be traced back to 1982, when our Managing Director, Ker Min Choo together with our Executive Director, Ker Mong Keng, and their brother, Ker Boon Kee, jointly established Solid Corporation in Johor Bahru, Johor. Solid Corporation was established to undertake the trading of automotive electrical parts and components in Malaysia.

Solid Corporation has continued with its expansion over the years with the setting up of seven (7) sales branches in various regions across Malaysia. Our first local sales branch was established in Kuala Lumpur in 1993. The subsequent branches were established in Perak (in 1997), Sabah (in 1998), Pahang and Melaka (in 2009) as well as Penang and Selangor (in 2011).

Besides the local market, our Group has also managed to penetrate into over 30 countries such as Saudi Arabia, UAE, Libya, Ecuador, Indonesia, Syria, Yemen, Thailand, Sri Lanka and Sudan.

As at the LPD, we carry 18 in-house brands, over 100 third party brands and more than 7,000 SKU items.

### 2.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

Our Promoters, substantial shareholders, directors and key management are as follows:

Name	Designation
<b>Promoters</b>	
Ker Min Choo	Managing Director
Ker Mong Keng	Executive Director
Ker Meng Oi	Executive Director
Ker Soo Ha	Director of Uni Point
<b>Substantial Shareholders*</b>	
Ker Min Choo	Managing Director
Ker Mong Keng	Executive Director
Ker Meng Oi	Executive Director
<b>Directors</b>	
Chee Ho Chun	Independent Non-Executive Chairman
Ker Min Choo	Managing Director
Ker Mong Keng	Executive Director
Ong Kheng Swee	Executive Director
Ker Meng Oi	Executive Director
Kek Kok Swee	Independent Non-Executive Director
Azahar bin Baharudin	Independent Non-Executive Director
<b>Key Management</b>	
Eng Choon Kwang	Regional Sales and Marketing Manager - Solid Corporation
Lec Heng Haw	Executive Director and Sales Manager - Uni Point
Ker Keddy	General Manager - Twinco
Ong Pang Boon	Executive Director and Factory Manager - JBS

**2. SUMMARY INFORMATION (Cont'd)**

<b>Name</b>	<b>Designation</b>
Yong Kok Jin	Group Accountant

*Note:*\* *After taking into consideration the IPO.***2.3 SUMMARY OF OUR IPO**

Size of our Public Issue : 35,384,000 new Shares, representing approximately 23.59% of our Company's enlarged issued and paid-up share capital which are reserved for the application by the Public, eligible Directors, employees of our Group and persons who have contributed to the success of our Group, selected investors and Bumiputera investors approved by MITI, of which at least 50.00% of the Public Tranche (as defined in Section 3.1.1(i) of this Prospectus) will be to the extent possible allocated to Bumiputera individuals, companies, societies, co-operatives and institutions

Size of our Offer for Sale : Up to 8,361,000 Solid Shares, representing up to 5.57% of our Company's enlarged issued and paid-up share capital to be offered for sale by the Offerors to selected investors

IPO Price : RM0.56 per IPO Share

Utilisation of proceeds from the Public Issue : The gross proceeds from the Public Issue amounting to RM19.815 million is intended to be utilised in the following manner:

<b>Purpose</b>	<b>RM'000</b>	<b>%</b>
Capital expenditure	12,000	60.56
Working capital	5,315	26.82
Estimated listing expenses	2,500	12.62
Total gross proceeds	<u>19,815</u>	<u>100.00</u>

Total enlarged issued and paid-up share capital after Listing : RM75,000,000 comprising 150,000,000 Shares

Market capitalisation upon Listing : RM84,000,000

Further details of our IPO and utilisation of proceeds from our Public Issue are set out in Sections 3.1 and 3.6 of this Prospectus respectively.

## 2. SUMMARY INFORMATION (Cont'd)

## 2.4 FINANCIAL HIGHLIGHTS

## 2.4.1 Proforma Consolidated Statements of Profit or Loss and Other Comprehensive Income

The table below sets out our proforma consolidated statements of Profit or Loss and Other Comprehensive Income for the FYE 30 April 2010 to 2013. The proforma consolidated statements of Profit or Loss and Other Comprehensive Income for the past four (4) FYE 30 April 2010 to 2013 are provided for illustrative purposes assuming that our Group's current structure has been in existence throughout the financial years under review.

You should read the summary of our Proforma Consolidated Financial Information which has been presented below together with the Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information and the Management's Discussion and Analysis of Financial Conditions and Results of Operations as set out in Sections 11.4 and 12 of this Prospectus respectively.

	<----- Proforma Audited FYE 30 April ----->			
	2010	2011	2012	2013
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	80,767	88,201	104,155	108,794
Cost of sales	(58,153)	(63,606)	(72,993)	(76,490)
GP	22,614	24,595	31,162	32,304
Other income	1,247	756	6,196 <sup>^</sup>	1,074
	23,861	25,351	37,358	33,378
Selling and distribution expenses	(6,069)	(6,519)	(9,154)	(10,582)
Administrative expenses	(8,325)	(7,457)	(9,534)	(9,455)
Finance costs	(468)	(480)	(756)	(679)
PBT	8,999	10,895	17,914	12,662
Taxation	(2,408)	(2,843)	(2,836)	(3,258)
PAT	6,591	8,052	15,078	9,404
PAT attributable to: Owners of the Company	6,577	8,037	14,990	9,387
EBITDA	10,727	12,596	19,962	14,848
Number of Shares assumed to be issued ('000)*	150,000	150,000	150,000	150,000
Gross EPS (sen)**	6.00	7.26	11.94	8.44
Net EPS (sen)***	4.38	5.36	9.99	6.26
GP margin (%)	28.00	27.89	29.92	29.69
PBT margin (%)	11.14	12.35	17.20	11.64
PAT margin (%)	8.16	9.13	14.48	8.64
Effective tax rate (%)	26.76	26.09	15.83	25.73

**Notes:**

<sup>^</sup> For FYE 30 April 2012, our Group registered a gain on disposal of an investment property amounting to RM5.005 million.

\* Assumed number of shares in issue after the Acquisitions and the Public Issue.

\*\* The gross EPS is computed based on the consolidated PBT divided by the number of Shares in issue after the Acquisitions and after the Public Issue.

\*\*\* The net EPS is computed based on the consolidated PAT attributable to owners of the Company divided by the number of Shares in issue after the Acquisitions and after the Public Issue.



## 2. SUMMARY INFORMATION (Cont'd)

## 2.4.2 Proforma Consolidated Statements of Financial Position

Our proforma consolidated statements of financial position have been prepared for illustrative purpose only based on our audited statements of financial position as at 30 April 2013 and have been prepared on the assumption that the Listing had been effected on 30 April 2013.

We advise you to read the proforma consolidated statements of financial position presented below together with the notes included in the Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus.

	As at 30 April 2013	Proforma I	Proforma II
	RM'000	RM'000	RM'000
<b>Assets</b>			
<b><u>Non-Current Assets</u></b>			
Property, plant and equipment	-	19,387	31,387
Other investment	-	102	102
Deferred tax assets	-	17	17
<b>Total non-current asset</b>	-	19,506	31,506
<b><u>Current Assets</u></b>			
Inventories	-	34,489	34,489
Trade receivables	-	25,179	25,179
Other receivables, deposits, and prepayments	-	2,699	1,620
Tax recoverable	-	232	232
Cash and bank balances	*	6,084	12,478
<b>Total current assets</b>	*	68,683	73,998
<b>Total assets</b>	*	88,189	105,504
<b><u>Equity and Liabilities</u></b>			
<b><u>Equity</u></b>			
Share capital	*	57,308	75,000
Share premium	-	-	1,266
Merger deficit	-	(45,985)	(45,985)
Capital reserve	-	2,624	2,624
Translation reserve	-	139	139
(Accumulated loss)/Retained profit	(61)	50,093	48,450
Equity attributable to equity holders of the Company	(61)	64,179	81,494
Non-controlling interests	-	518	518
<b>Total Equity</b>	(61)	64,697	82,012
<b><u>Non-Current Liabilities</u></b>			
Deferred tax liabilities	-	30	30
Long term borrowings	-	607	607
<b>Total non-current liabilities</b>	-	637	637
<b><u>Current Liabilities</u></b>			
Trade payables	-	8,204	8,204
Other payables and accruals	61	3,897	3,897
Amount owing to shareholders	-	908	908
Short term borrowings	-	9,531	9,531
Tax payable	-	315	315
<b>Total current liabilities</b>	61	22,855	22,855
<b>Total liabilities</b>	61	23,492	23,492
<b>Total equity and liabilities</b>	*	88,189	105,504

**2. SUMMARY INFORMATION (Cont'd)**

	As at 30 April 2013	Proforma I	Proforma II
	RM'000	RM'000	RM'000
Number of Shares in issue ('000)	^	114,616	150,000
(NL)/NA (RM'000)	(61)	64,179	81,494
(NL)/NA per Share (RM)	(30.50)	0.56	0.54

*Notes:**Proforma I**After the Acquisitions.**Proforma II**After Proforma I, Public Issue and utilisation of proceeds.*

\*

*Represents RM1.00.*

^

*Represents two (2) Shares.***2.5 DIVIDEND POLICY**

Our Group presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of any final dividends are subject to the discretion of our Board and any final dividend proposed is subject to our shareholders' approval.

Upon Listing, our Board intends to adopt a stable and sustainable dividend policy to allow our shareholders to participate in the profits of our Group while maintaining an optimal capital structure and ensuring sufficient funds for our future growth. In this regard and barring unforeseen circumstances, we envisage a dividend payout ratio of approximately 40.00% of our future PAT attributable to the owners of our Company in each financial year.

Investors should take note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our Company's future dividends, which are subject to our Board's absolute discretion.

Our ability to pay future dividends to our shareholders is subject to various factors including but not limited to our financial performance, cash flow requirements, availability of distributable reserves and capital expenditure plans.

As our Company is an investment holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends and other distributions that we receive from our subsidiary companies. The payment of dividends or other distributions by our subsidiary companies will depend on their operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective board of directors deem relevant.

## 2. SUMMARY INFORMATION *(Cont'd)*

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### 2.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations as set out in Section 4 of this Prospectus (which may not be exhaustive) and are summarised below:

#### **Risks relating to our business and the industry:**

- We do not have long-term contracts with our customers;
- We do not have formal contracts for distributorships of third party branded products;
- We operate in a competitive environment;
- We are dependent on our continuing ability to identify and keep abreast with the latest models of automotive parts and components;
- We are dependent on the continued employment and performance of our Directors and key management;
- We are exposed to fluctuations in the foreign exchange rates;
- We are subject to political, economic and regulatory risk;
- We are exposed to product warranty claims;
- We are exposed to risk relating to adequacy of insurance coverage on our Group's assets;
- We are subject to the risk of shipping disruptions;
- Trade liberalisation in the regional automotive industry; and
- No assurance that our future plans will be successful.

#### **Risks relating to investment in our Shares:**

- Delay or abortion of our Listing;
- No prior market for our Shares and possible volatility of our Share price; and
- Control by Promoters.

***THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK***

### 3. PARTICULARS OF OUR IPO

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY BEFORE APPLYING FOR OUR IPO SHARES.**

#### 3.1 OUR LISTING SCHEME

##### 3.1.1 Public Issue

Our Public Issue is subject to the terms and conditions of this Prospectus, and upon acceptance, will be allocated the aggregate of 35,384,000 new Shares in the manner explained below which is subject to clawback and reallocation:

##### (i) Public (“Public Tranche”)

7,500,000 Public Issue Shares, representing 5.00% of our enlarged issued and paid-up share capital, will be available for application by the Public, of which at least 50.00% shall be set aside for Bumiputera investors including individuals, companies, societies, co-operatives and institutions.

Any Public Issue Shares reserved under the Public Tranche which is not fully subscribed for by the Public will be made available for subscription by our eligible Directors, employees and persons who have contributed to the success of our Group under the Pink Form Tranche as described in Section 3.1.1 (ii) below. Any remaining Public Issue Shares will subsequently be made available for subscription by our selected investors under the Placement Tranche as described in Section 3.1.1 (iv) below and, if undersubscribed, such Public Issue Shares will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

##### (ii) Our Eligible Directors, Employees and Persons who have Contributed to the Success of our Group (“Pink Form Tranche”)

In recognition of their contributions to the success of our Group, we have reserved 9,847,500 Public Issue Shares, representing approximately 6.57% of our enlarged issued and paid-up share capital, for subscription by our eligible Directors, employees and persons who have contributed to the success of our Group.

We will allocate the Public Issue Shares to our eligible Directors, employees and persons who have contributed to the success of our Group in the following manner:

<b>Eligibility</b>	<b>No. of Eligible Persons</b>	<b>No. of Shares Allocated</b>
Our eligible Directors <sup>(1)</sup>	4	4,000,000
Our eligible employees <sup>(2)</sup>	94	5,806,300
Eligible persons who have contributed to the success of our Group <sup>(3)</sup>	2	41,200
<b>Total</b>	<b>100</b>	<b>9,847,500</b>

## 3. PARTICULARS OF OUR IPO (Cont'd)

**Notes:**

- (1) *As approved by our Board, the criteria for allocation to our eligible Directors are based on, amongst others, their position in the Group. The Public Issue Shares under the Pink Form Tranche to be allocated to our eligible Directors are as follows:*

Name	Designation	No. of Shares Allocated
Chee Ho Chun	Independent Non-Executive Chairman	100,000
Ong Kheng Swee	Executive Director	3,550,000
Kek Kok Swee	Independent Non-Executive Director	250,000
Azahar bin Baharudin	Independent Non-Executive Director	100,000
		4,000,000

- (2) *As approved by our Board, the criteria for allocation to our eligible employees are based on, amongst others, seniority, length of service, category of employee and job performance in our Group.*
- (3) *The criteria for allocation to eligible persons who have contributed to the success and growth of our Group such as length of relationship, contribution and support to the growth of our Group.*

The Public Issue Shares reserved under the Pink Form Tranche will not be underwritten as written irrevocable undertakings to subscribe for these Public Issue Shares have been procured from the respective eligible Directors, employees and persons who have contributed to the success of our Group.

**(iii) Bumiputera Investors Approved by MITI (“MITI Tranche”)**

15,000,000 Public Issue Shares, representing 10.00% of our enlarged issued and paid-up share capital, have been reserved for Bumiputera investors approved by the MITI.

The Public Issue Shares for placement to Bumiputera investors approved by MITI shall be subject to the following reallocation provisions:

- (a) Any of the Public Issue Shares not subscribed by the Bumiputera investors under the MITI Tranche shall be made available for application by the Bumiputera Public who are applicants under the Public Tranche;
- (b) If there are insufficient Bumiputera Public applicants under the Public Tranche for reallocation of unsubscribed Public Issue Shares pursuant to paragraph (a) above, such unsubscribed Public Issue Shares shall be made available for the application by the Public;
- (c) Subsequently, any unsubscribed Public Issue Shares by the Public pursuant to paragraph (b) above will be made available for subscription by our selected investors and/or our eligible Directors, employees and persons who have contributed to the success of our Group; and
- (d) Should the Public Issue Shares under the MITI tranche be thereafter undersubscribed, such Public Issue Shares will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

**3. PARTICULARS OF OUR IPO (Cont'd)**

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**(iv) Selected Investors via Placement (“Placement Tranche”)**

3,036,500 Public Issue Shares, representing approximately 2.02% of our Company’s enlarged issued and paid-up share capital, have been reserved for placement to selected investors identified by us or our Placement Agent.

The Public Issue Shares reserved under the Placement Tranche are not underwritten as written irrevocable undertakings to subscribe for these Public Issue Shares have been procured from the respective selected investors.

The basis of allocation for our Public Issue Shares takes into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants with a view of broadening our shareholders base to meet the public spread requirements as per the Listing Requirements and to establish a liquid and adequate market for our Shares.

There is no over-allotment or ‘greenshoe’ option that will result in an increase in the amount of Public Issue Shares.

The salient terms of the Underwriting Agreement are set out in Section 3.9 of this Prospectus.

**3.1.2 Offer for Sale**

Concurrent with our Public Issue, the Offerors will offer for sale up to 8,361,000 Offer Shares, representing approximately up to 5.57% of our enlarged issued and paid-up share capital to selected investors, identified by us or our Placement Agent.

The Offer for Sale Shares are not underwritten as written irrevocable undertakings to subscribe for these Offer for Sale Shares have been procured from the respective selected investors.

**3.1.3 Listing on Bursa Securities**

Bursa Securities had on 10 July 2013, approved-in-principle the admission of our Company to its Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM75,000,000 comprising 150,000,000 Shares on the Main Market of Bursa Securities.

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## 3. PARTICULARS OF OUR IPO (Cont'd)

The details and shareholding of the Offerors before and after the Offer for Sale and IPO are as follows:

Offeror/ Address	Relationship with our Group	Before IPO		Offer for Sale of Shares		After IPO	
		No. of Shares held	% held <sup>*</sup>	No. of Shares held	% held <sup>*</sup>	No. of Shares held	% held <sup>*</sup>
Ker Mong Keng / 74, Jalan Danau Taman Tasek 80200 Johor Bahru Johor Darul Takzim	Promoter, Director and substantial shareholder	41,725,075	36.40	5,000,000	4.36	36,725,075	24.48
Ker Meng Oi / B-37-1 9 Bukit Utama No. 9, Persiaran Bukit Utama Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan	Promoter, Director and substantial shareholder	9,034,041	7.88	1,503,500	1.31	7,530,541	5.02
Ker Soo Ha / No. 16, Jalan Lembah Dua Taman Tasek 80200 Johor Bahru Johor Darul Takzim	Promoter and Director of Uni Point	8,718,488	7.61	1,503,500	1.31	7,214,988	4.81
Yeo Guik Hiang / 3, Jalan Saujana 2 Horizon Hills 79100 Nusajaya Johor Darul Takzim	Existing shareholder	354,546	0.31	354,000	0.31	546	#

## Notes:

\* Based on our issued and paid-up share capital of 114,616,000 Shares after the Acquisitions but before our IPO.

^ Based on our enlarged issued and paid-up share capital of 150,000,000 Shares after our IPO.

# Less than 0.01%.

### 3. PARTICULARS OF OUR IPO (Cont'd)

#### 3.2 SHARE CAPITAL

	RM
<b>Authorised share capital</b>	
200,000,000 ordinary shares of RM0.50 each	100,000,000
<b>Issued and fully paid-up share capital as at the date of this Prospectus</b>	57,308,000
114,616,000 ordinary shares of RM0.50 each	
<b>To be issued and credited as fully paid-up pursuant to our Public Issue</b>	17,692,000
35,384,000 new ordinary shares of RM0.50 each	
<b>Enlarged issued and paid-up share capital upon Listing</b>	75,000,000
150,000,000 ordinary shares of RM0.50 each	
IPO Price	0.56
<b>Market capitalisation upon Listing</b>	84,000,000

We have only one (1) class of shares in our Company, namely ordinary shares of RM0.50 each. Our Public Issue Shares will upon allotment rank *pari passu* in all respects with one another and all other existing issued and paid-up share capital in our Company, including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment of our Public 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 capital paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and in the event of our liquidation, our shareholders shall be entitled to any surplus in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association and the provisions of the Act.

Each shareholder is entitled to vote at our general meetings in person or by proxy or by attorney and on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share held. A proxy may but need not be a member of our Company or a qualified legal practitioner or an approved company auditor or a person approved by CCM and the provisions of Section 149(1)(b) of the Act shall not apply to our Company.

#### 3.3 PURPOSES OF OUR IPO AND LISTING

The purposes of our IPO and Listing are:

- (i) to enable us to gain access to the capital market to raise funds for our future expansion and growth when the need arises in the future, through other forms of capital raising avenues;
- (ii) to enhance our stature and heighten our public profile as well as increase market awareness of our products and services in so as to assist us in expanding our customer base; and
- (iii) to provide the opportunity for the eligible Directors and employees of our Group, business associates of our Group and the Malaysian investing public and institutions to participate in the equity and continuing growth of our Group.



### 3. PARTICULARS OF OUR IPO (Cont'd)

#### 3.4 PRICING OF OUR IPO SHARES

The IPO Price was determined and agreed upon by our Directors, Promoters and Alliance as our Principal Adviser, Underwriter and Placement Agent, after taking into account the prevailing market conditions and the following factors:

- (i) A net PE multiple of 8.95 times based on our Group's proforma net EPS of approximately 6.26 sen, computed based on our Group's proforma PAT attributable to owners of the Company of approximately RM9.387 million for the FYE 30 April 2013 and our enlarged issued and paid-up share capital of 150 million Shares after our Public Issue;
- (ii) Our proforma consolidated NA per share of approximately 56 sen per Share, computed based on our Group's proforma NA of approximately RM64.179 million as at 30 April 2013 and our issued and paid-up share capital of 114.616 million Shares after the Acquisitions but before our Public Issue;
- (iii) Our competitive strengths which comprise:
  - Experienced human capital
  - Wide distribution network
  - A wide range of automotive parts and components and brand selection
  - Established business relationship with customers

Further details of our competitive strengths are described in Section 6.6 of this Prospectus.

You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares being traded. You should bear in mind the risk factors as set out in Section 4 of this Prospectus and form your own views on the valuation of our IPO Shares before deciding on whether to invest in our Shares.

#### 3.5 DILUTION

Dilution is the amount by which the IPO Price to be paid by applicants for our IPO Shares exceeds our proforma NA per Share after the Public Issue. The dilution for Solid is as follows:

	RM
IPO Price	0.56
NA per Share as at 30 April 2013, after adjusting for Acquisitions but before our Public Issue	0.56
NA per Share after our Public Issue (after adjusting for the effect of the utilisation of proceeds)	0.54
Decrease in NA per Share to the existing shareholders	0.02
Dilution in NA per Share to new investors	0.02
Dilution in NA per Share to new investors as a percentage of the IPO Price	3.57%

## 3. PARTICULARS OF OUR IPO (Cont'd)

The following table summarises the total number of Shares acquired by our Directors, Promoters, substantial shareholders, key management or persons connected to them during the three (3) years prior to the date of this Prospectus and the average cost per Share to them and to the new investors who subscribe for and/or purchase our IPO Shares:

Promoters, Directors, Substantial Shareholders, Key Management or Persons Connected to Them	No. of Shares Before IPO	No. of Shares From IPO <sup>^</sup>	Total Consideration RM	Average Cost Per Share RM
<b><u>Promoters and Substantial Shareholders</u></b>				
Ker Min Choo	40,450,113	-	20,225,056.50	0.50
Ker Mong Keng	41,725,075	-	20,862,537.50	0.50
Ker Meng Oi	9,034,041	-	4,517,020.50	0.50
<b><u>Other Promoter</u></b>				
Ker Soo Ha	8,718,488	-	4,359,244.00	0.50
<b><u>Directors</u></b>				
Ker Min Choo	40,450,113	-	20,225,056.50	0.50
Ker Mong Keng	41,725,075	-	20,862,537.50	0.50
Ker Meng Oi	9,034,041	-	4,517,020.50	0.50
Chee Ho Chun	-	100,000	56,000.00	0.56
Ong Kheng Swee	514,486	3,550,000	2,245,243.00	0.55
Kek Kok Swee	7,155,391	250,000	3,717,695.50	0.50
Azahar bin Baharudin	-	100,000	56,000.00	0.56
<b><u>Key Management</u></b>				
Eng Choon Kwang	1,047,523	937,500	1,048,761.50	0.53
Lee Heng Haw	1,047,523	937,500	1,048,761.50	0.53
Ker Keddy	-	187,500	105,000.00	0.56
Ong Pang Boon	-	375,000	210,000.00	0.56
Yong Kok Jin	-	187,500	105,000.00	0.56
<b><u>New Investors</u></b>				
Public Issue	-	28,759,000	16,105,040.00	0.56
Offer for Sale	-	8,361,000	4,682,160.00	0.56

Note:

<sup>^</sup> Assuming full subscription of his/her Pink Form Tranche allocation.

### 3. PARTICULARS OF OUR IPO (Cont'd)

#### 3.6 USE OF PROCEEDS

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale amounting up to RM4.682 million will accrue entirely to the Offerors.

Based on the IPO Price, gross proceeds of RM19.815 million will be raised from our Public Issue. The proceeds shall accrue entirely to our Company and are intended to be utilised in the following manner:

Purposes	RM'000	%	Estimated Timeframe for use (from the Listing Date)
(i) Capital expenditure <sup>^</sup>	12,000	60.56	Within 3 years
(ii) Working capital <sup>*</sup>	5,315	26.82	Within 1 year
(iii) Estimated listing expenses <sup>*</sup>	2,500	12.62	Upon Listing
Total gross proceeds	19,815	100.00	

**Notes:**

<sup>\*</sup> If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

<sup>^</sup> Should our Group resort to bank borrowings to finance the capital expenditure, the Public Issue proceeds shall be used to repay the said financing. The balance of any unutilised proceeds will be utilised for working capital purposes.

Our Group has earmarked approximately RM19.815 million of the proceeds from our Public Issue for the following:

(i) Capital expenditure

Our Group has earmarked approximately RM9.000 million for the acquisition of vacant land in Johor Bahru and/or construction of an integrated operations complex that will house our Group's corporate office, warehouse as well as production, repacking and packaging facilities. The estimated cost for the purchase of the land and construction of the complex is approximately RM22.000 million. The remaining RM13.000 million will be funded from internally generated funds and/or bank borrowings. As at the LPD, our Group has not identified any vacant land for the said acquisition. Please refer to Section 6.16.1(ii) of this Prospectus for further details on our Group's centralisation of our Group's operations future plans.

Our Group has also earmarked approximately RM3.000 million for the construction of the new Twinco's sales office and warehouse in Kuala Lumpur. Please refer to Section 6.16.1(iv) for further details on our Group's future plans for expansion of distribution network.

(ii) Working capital

Our requirement for working capital will increase in tandem with our future plans. Therefore, we expect to utilise approximately RM5.315 million of the proceeds raised as additional working capital to finance our day-to-day operations, including inter-alia, purchase of inventories, increasing headcount and defrayment of operational expenses, as detailed below:

### 3. PARTICULARS OF OUR IPO (Cont'd)

Purposes	RM'000	%
(i) Purchase of inventories for the Group's business activities*	4,135	77.80
(ii) Increase in headcount and employee cost <sup>#</sup>	180	3.39
(iii) Defrayment of operational expenses <sup>@</sup>	1,000	18.81
	<b>5,315</b>	<b>100.00</b>

**Notes:**

\* The purchases of inventories include inventories for JBS's proposed manufacturing/ assembly of new alternators and starters, inventories for automotive electrical parts and components under the Lucas brand. Further, the Group enjoys discount for cash purchases made particularly for third party branded automotive parts and components. In this regard, the Group intends to allocate such amount for the said purpose.

Please refer to Section 6.16.1(i) and (v) for further details on our Group's future plans for expansion of our principal activities and new distributorship of Lucas branded products.

# Increase in headcount for both JBS's proposed manufacturing/ assembly of new alternators and starters operations as well as in the Group supporting functions, such as finance, human resources, sales and marketing, procurement and warehousing.

@ Defrayment of operational expenses mainly for carriage, transport, selling expenses, exhibitions, traveling and accommodation.

(iii) Estimated listing expenses

The estimated listing expenses for the Listing to be borne by us are as follows:

	RM'000
Professional advisory fees	1,360
Fees to the authorities	144
Underwriting commission, placement fee and brokerage fees	422
Printing and advertising cost	300
Other incidental charges	274
<b>Total</b>	<b>2,500</b>

**Note:**

The Offerors shall bear all expenses such as brokerage, stamp duty, registration and share transfer fees relating to the Offer Shares.

Pending the utilisation of the proceeds from our Public Issue as mentioned above, the proceeds will be placed in short-term deposits with licensed financial institutions or short-term money market instruments. The anticipated proceeds for each of the abovementioned categories are sufficient to fund its intended purposes.

#### 3.7 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

The capital expenditure of RM22.000 million for the proposed centralisation of our Group's operations is expected to:

- (i) Provide a warehousing space of approximately 60,000 sq. ft.;
- (ii) Provide a larger area of approximately 25,000 sq. ft. for repacking and product testing facility; and
- (iii) Streamline our entire operations from receiving, warehousing, repackaging and shipment of products.

Upon completion of our integrated operations complex, we expect our improved operational capacity to contribute positively to our financial performance.

### **3. PARTICULARS OF OUR IPO (Cont'd)**

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The additional working capital of RM5.315 million arising from the Public Issue is expected to strengthen our liquidity and cash flow position and enable us to conduct our operations and expansion smoothly without being overly dependent on external funding.

#### **3.8 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE**

##### **Brokerage**

Brokerage relating to our Public Issue Shares made available for application by the Public is payable by us at the rate of one percent (1.00%) of the IPO Price, in respect of successful applications bearing the stamp of Alliance, a participating organisation of Bursa Securities, a member of the Association of Banks in Malaysia, a member of the Malaysian Investment Banking Association or the Issuing House.

##### **Underwriting commission**

Alliance, as our Underwriter, has agreed to underwrite up to 22,500,000 Public Issue Shares under the Public Tranche and the MITI Tranche as set out in Sections 3.1.1(i) and 3.1.1(iii) of this Prospectus. Underwriting commission is payable by us to our Underwriter at the rate of between 1.00% and 2.00% of the total value of the underwritten Shares at the IPO Price.

##### **Placement fee**

Alliance has arranged for the placement of up to 26,397,500 IPO Shares under the MITI Tranche, Placement Tranche and Offer for Sale at a rate of between 0.50% and 2.00% of the value of the IPO Shares based on the IPO Price. Our Company will pay the placement fee to be incurred on the sale of the IPO Shares under the MITI Tranche and the Placement Tranche whilst the Offerors will pay the placement fee to be incurred on the sale of the IPO Shares under the Offer for Sale.

### 3. PARTICULARS OF OUR IPO (*Cont'd*)

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#### 3.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into an underwriting agreement with Alliance on 2 August 2013 (“Underwriting Agreement”) to underwrite up to 22,500,000 Public Issue Shares as set out in Sections 3.1.1(i) and 3.1.1(iii) of this Prospectus subject to the clawback and reallocation provisions as set out therein. The following salient terms are reproduced from the Underwriting Agreement. The terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement.

#### 3. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

3.1 As a condition of the agreement by the Underwriter to underwrite the Underwritten Shares and in consideration thereof, the Company hereby represents, warrants and undertakes to the Underwriter that:

3.1.1 the Directors of the Company have made all reasonable enquiries to ensure all material facts have been duly disclosed in the Prospectus, and have verified the completeness and accuracy of all such information and to the best of their knowledge and belief, no material facts have been omitted which would make any statements contained in the Prospectus misleading or not true and shall if required by the Underwriter to supply the Underwriter with evidence as to the accuracy therein and where such information relate to opinions or expectations, the basis of such opinions or expectations;

3.1.2 the Prospectus:

- (a) will comply in all respects with the Act, the CMSA and/or any other applicable law and any rules, regulations and guidelines thereunder and shall be in form and substance satisfactory and acceptable to the SC, Bursa Securities and all other relevant authorities;
- (b) will contain all information which is or may be material in the context of the Initial Public Offering, and such information as contained therein will be true, complete, and accurate in all material respects; and
- (c) will not omit to state or disclose any fact or information required or necessary to be stated therein with regard to the Initial Public Offering and all statements of fact and information so made and/or disclosed, in the light of the circumstances under which they are made or disclosed, are true and accurate and not misleading in any respect;

3.1.3 the Initial Public Offering, issuance of the Prospectus and compliance by the Company with the terms of this Agreement:

- (a) do not and will not conflict with, or result in a breach of any of the terms or provisions of the Memorandum and Articles of Association of the Company or any company in the Group or any existing law, regulation, guidelines or listing requirements applicable to or affecting the Company or any company in the Group or the Initial Public Offering; and
- (b) do not and will not infringe the terms of, or constitute a default under, any judgment, order, licence, permit, approval, consent, trust deed, agreement or other instrument or obligation to which the Company or any company in the Group is a party or by which the Company or any company in the Group or any part of the undertakings, assets, properties or revenues of the Company or any company in the Group is bound or affected;

**3. PARTICULARS OF OUR IPO (Cont'd)**

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- 3.1.4 save as disclosed in the Prospectus and the documents (if any) attached thereto and as has been disclosed in writing to the Underwriter prior to the date hereof:
- (a) there is no litigation, arbitration, administrative or winding-up proceedings (including investigations or inquiries by Bursa Securities and the SC), criminal charge or investigation current or pending, or to the knowledge of the Company (after due and careful enquiry), threatened against the Company or any company in the Group, the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole, and after making due and careful enquiries, the Company is not aware of any facts or circumstances likely to give rise thereto; and
  - (b) neither the Company nor any company in the Group is in default or in breach of any agreement to which it is bound, or of the terms of any licence, permit, approval, consent, directive, legislation or regulation of any relevant authority (including Bursa Securities and the SC) applicable to or affecting it, the effect of which would materially and adversely affect the financial condition or business of the Company or the Group as a whole;
- 3.1.5 no circumstances or situations have arisen and/or are existing, which will or are likely to materially and adversely affect the financial condition or business of the Company or the Group as a whole, or the success of the Initial Public Offering;
- 3.1.6 the Group will carry on and operate its business and affairs with due diligence and efficiency and in accordance with sound financial and commercial standards and practices;
- 3.1.7 save as disclosed in the Prospectus and the documents (if any) attached thereto and as has been disclosed in writing to the Underwriter prior to the date hereof, neither the Company nor any company in the Group has entered into any contract and/or commitment of an unusual or onerous nature, which, in the context of the Initial Public Offering, might be material for disclosure;
- 3.1.8 no information has been withheld from the Underwriter which would or may in any way affect the Underwriter's willingness or decision to underwrite the Underwritten Shares;
- 3.1.9 all necessary consents, waivers, approvals, authorisations or other orders of all regulatory authorities required for or in connection with the execution of this Agreement and the issue of the Public Issue Shares and any other matters contemplated hereby:
- (a) have been or will be unconditionally obtained prior to the issuance of the Prospectus; or
  - (b) if granted subject to conditions, such conditions have been fulfilled or will be fulfilled to the satisfaction of the Underwriter by the due date; and
  - (c) are or will remain in full force and effect,
- and all other actions will be taken by or on behalf of the Company to comply with all other legal and other requirements to ensure that this Agreement, the issuance of the Prospectus, the Initial Public Offering and any other matters contemplated herein will not infringe any existing law or the terms of any such consent, approval, order or authorisation;

**3. PARTICULARS OF OUR IPO (Cont'd)**

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- 3.1.10 all information furnished or supplied or to be furnished or supplied to the Underwriter for the purpose of or in connection with the Initial Public Offering is true, complete and accurate in all material respects and nothing has been furnished or supplied or omitted from such information which would or may make any of the information materially untrue, incomplete, inaccurate or misleading, or which would or may reasonably be expected to affect the willingness of the Underwriter to underwrite the Underwritten Shares;
- 3.1.11 every statement of forecast, opinion, intention and expectation made in the Prospectus and the documents (if any) attached thereto are truly, fairly, reasonably, and honestly held by the Directors of the Company and have been or will be made after due and careful enquiries and consideration and represent or will represent reasonable expectations based on facts known to the Company as at the date of such disclosure, and to the extent it is based on assumptions those assumptions are reasonable;
- 3.1.12 the Initial Public Offering, the execution and delivery by the Company of the Prospectus and this Agreement and the performance of the obligations to be assumed thereunder and hereunder by the Company, as the case may be, have been duly authorised by all necessary corporate action of the Company, including but not limited to the approval of the shareholders of the Company in a general meeting (if and to the extent it is required) and upon due execution of this Agreement, the obligations assumed hereunder will constitute the legally valid, binding and enforceable obligations of the Company in accordance with their terms;
- 3.1.13 all companies in the Group are companies duly incorporated under the laws of its place of incorporation and validly existing with full power and authority to conduct its business in the jurisdiction where it carries on business and is not in liquidation and no steps have been taken by any person or company for or with a view to the appointment of a liquidator, receiver and/or manager or judicial manager of the Company or any company in the Group or of any of their respective assets, properties or undertakings;
- 3.1.14 the accounts of the Group have been prepared in accordance with the law and on a basis consistently applied in accordance with accounting principles, standards and practices generally accepted in Malaysia so as to give a true and fair view of the financial results and state of affairs of the Company and/or the Group for the four (4) financial years ended 30 April 2010 to 2013 and the Group has made adequate provisions for appropriate disclosures of all known material liabilities whether actual or contingent, of the Group as a whole as at such dates and have complied in all respects with the requirements of all relevant laws and accounting principles and practices then in force and generally accepted in Malaysia and since 30 April 2013, there has been no material adverse change in the financial position of the Company and/or the Group taken as a whole, save as may be disclosed in the Prospectus and the documents (if any) attached thereto, or prior to the Closing Date, in any public announcement or publicly available document or as has been disclosed to the Underwriter prior to the date of this Agreement;
- 3.1.15 other than indebtedness contested in good faith by the Company and/or the Group as disclosed in the Prospectus and the documents (if any) attached thereto and to the best of the knowledge of the Company, after due and careful enquiry, no outstanding indebtedness (actual or contingent) or liability of the Company and/or the Group has become or is likely to become payable by reason of default by the Company and/or the Group and no event has occurred or is, so far as the Company is aware, impending which with the lapse of time, or the fulfillment of any condition, or the giving of any notice, may result in any such indebtedness becoming so payable;



**3. PARTICULARS OF OUR IPO (Cont'd)**

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- 3.1.16 all taxes for the latest tax assessment year (whether income tax, property tax or otherwise) of the Group, in particular but not limited to, all taxes which are material in the context of the Initial Public Offering, for which the Company and/or the Group is liable have been duly paid or adequately provided for in the audited accounts of the Group; all the returns, notices or information which are required to be made or given by the Group for taxation, have been so made, are up to date, correct and on a proper basis, and save for appeal cases, if any, are not subject to any dispute with any relevant or appropriate authorities and there are no present circumstances (of which the Company is or ought reasonably to be aware) which are likely to give rise to any such dispute;
- 3.1.17 the records, statutory books and books of accounts of the Group are duly entered and maintained in accordance with all legal requirements applicable thereto and contain true, full and accurate records of all matters required to be dealt with therein and all such books and records and documents (including documents of title) are in their possession or under their control and all accounts, documents and returns required to be delivered or made to the CCM or other relevant authorities have been duly and correctly delivered or made;
- 3.1.18 the Group have full power and authority to own, lease and operate its assets and properties and to conduct its respective businesses as presently conducted and described in the Prospectus and save as disclosed in the Prospectus all authorizations, permits, approvals or consents as may be required from agencies, regulatory bodies, administrative or governmental bodies for such purposes have been obtained and are valid and all restrictions and/or conditions in connection thereto have been duly complied with and adequately disclosed in the Prospectus;
- 3.1.19 all the assets and properties of the Group which are of an insurable nature have at all material times been and are at the date hereof, adequately insured against fire and other risks normally insured against by companies carrying on similar businesses or owning property of a similar nature. In respect of such insurances, all premiums have been duly paid to date and all the policies are in force and are not voidable on account of any act, omission or non-disclosure on the part of the insured party;
- 3.1.20 there will be no variation between the Prospectus in the form attached hereto and the Prospectus in the form registered with the SC without the prior written consent of the Underwriter;
- 3.1.21 the operations of the Group are and have been conducted at all times in compliance with all applicable financial record keeping and reporting requirements, and the applicable anti-money laundering statutes of jurisdictions where the Group conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the “**Anti-Money Laundering Laws**”), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Group with respect to the Anti-Money Laundering Laws is pending, or to the best knowledge of the Company, threatened;
- 3.1.21 that the Public Issue Shares shall be listed and quoted on the Main Market of Bursa Securities within two (2) calendar months from the Closing Date or such other period as may be approved by the relevant authorities and agreed in writing by the Parties; and
- 3.1.22 the recitals to this Agreement are true, complete and accurate.

**3. PARTICULARS OF OUR IPO (Cont'd)**

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- 3.2. The Company irrevocably and unconditionally, covenants and undertakes with the Underwriter to do the following:
- 3.2.1 to pay all stamp duty and other documentary taxes or duties, payable on, or in connection with, the creation, issue and distribution of the Public Issue Shares and the execution of this Agreement including any interest and penalties resulting from delay or omission on the part of the Company;
  - 3.2.2 to comply with all the requirements and provisions of the Act, the CMSA, the LR and all other applicable laws, rules and regulations and the requirements of the SC, Bursa Securities, CCM and any other relevant authorities, including but not limited to the delivery to the SC for registration and the ROC for lodgement of the necessary copies of the Prospectus and other documents required to be attached to the Prospectus in accordance with the provisions of the CMSA before the date of issue of the Prospectus;
  - 3.2.3 to comply with all the conditions, if any, imposed by the SC and Bursa Securities and any other relevant authority for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market of Bursa Securities;
  - 3.2.4 to promptly and without any delay whatsoever notify the Underwriter of any breach of any of the representations, warranties, undertakings or agreements or of any facts, information, situations or circumstances which comes to the Company's knowledge and without prejudice to the generality of the foregoing, to take such steps as may be reasonably requested by the Underwriter to remedy and/or publicise the same, at any time prior to the Closing Date;
  - 3.2.5 to give to the Underwriter any or all information and/or documents which the Underwriter may require in respect of the accounts or affairs of the Company or the Group or in connection with the Initial Public Offering or the other proposals contained in the Prospectus and the documents (if any) attached thereto;
  - 3.2.6 to fix the Closing Date with consultation and together with the Underwriter;
  - 3.2.7 to do all other things and sign or execute such other documents as may reasonably be required by the Underwriter in order to complete the Initial Public Offering;
  - 3.2.8 to obtain and maintain the listing of the Company's Shares on the Main Market of Bursa Securities;
  - 3.2.9 to procure the fulfillment of the conditions precedent in Clause 2.2; and
  - 3.2.10 except to the extent required by law, regulation, rule guideline or order of the SC, not to vary or publish any amendment or supplement to the Prospectus without the consent in writing of the Underwriter which consent shall not be unreasonably withheld and to ensure that the Prospectus is in form and substance satisfactory and acceptable to and approved by the SC.

**3. PARTICULARS OF OUR IPO (Cont'd)**

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- 3.3 The commitment of the Underwriter to underwrite the Underwritten Shares is being made on the basis of the representations, warranties, covenants and undertakings of the Company in this Clause 3 and with the intention that such representations, warranties, covenants and undertakings shall remain true and accurate in all respects up to and including the Closing Date, and in consideration of such commitment to underwrite, the Company irrevocably and unconditionally undertakes with the Underwriter that it shall:
- 3.3.1 hold and keep the Underwriter and its directors, officers, employees, agents and advisers and its related companies and affiliates fully and effectively indemnified and shall save it harmless against any and all damages, losses, liabilities, costs, claims, charges, proceedings, expenses, actions or demands (including but not limited to all costs, charges and expenses, and legal fees (on a solicitor and client basis), taxes (including stamp duty), fines, penalties and/or interest, paid or incurred in disputing or defending or investigating any such claim or action) which the Underwriter may incur or suffer or which may be brought against the Underwriter as a result of any misrepresentation by the Company or any breach on its part of such representations, warranties, covenants or undertakings or any failure by the Company to perform its obligations under this Agreement, in particular but not limited to the Company's failure to deposit the Underwritten Shares allotted to the Underwriter or its nominee pursuant to Clause 5 into the Securities Accounts of the Underwriter (unless the Underwriter shall have been advised in writing of a change or termination of any of such representations, warranties, covenants or undertakings prior to the Closing Date, pursuant to Clause 3.3.2 below and the Underwriter shall have elected not to terminate this Agreement notwithstanding such advice) or any failure by the Company to perform its obligations herein which entitles the Underwriter to terminate this Agreement pursuant to the provisions of Clause 2.3 and/or Clause 8;
  - 3.3.2 forthwith notify the Underwriter of any misrepresentation or of anything which has or may have rendered or will or may render untrue, incorrect, false or misleading any of its representations, warranties or undertakings at any time prior to the Closing Date, which shall come to its notice or of which it becomes aware or which shall occur at any time prior to the Closing Date, but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriter hereunder;
  - 3.3.3 not to publish any amendment or supplement to the Prospectus which the Underwriter has not previously been notified in writing of or to which the Underwriter or its legal advisers shall reasonably object but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriter hereunder;
  - 3.3.4 to notify in writing and discuss with the Underwriter any announcement proposed to be made to the public which would conflict in any respect with any statement in the Prospectus but the giving of any such notice and any such discussion shall not affect or prejudice any of the rights of the Underwriter hereunder; and
  - 3.3.5 to the extent permitted by law, not to publish any information which will or is likely to affect the market price of the Shares without the prior written notice to and the prior written consent of the Underwriter unless required to do so by law.

**3. PARTICULARS OF OUR IPO (Cont'd)**

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- 3.4 If any action, proceeding, claim or demand shall be brought or asserted against the Underwriter in respect of which indemnity is sought from the Company, then the Underwriter shall notify the Company in writing thereof, and the Company shall to the extent required by the Underwriter and permitted by law assume the defense thereof on behalf of and/or in the name of the Underwriter, including the appointment of legal advisers selected by the Underwriter subject to the consent of the Company in the appointment of the legal advisers which consent should not be unreasonably withheld, and the Company shall bear all fees and expenses in relation thereto or arising therefrom, provided, however, that the failure of the Underwriter to notify the Company shall not relieve the Company from any liability which it may have to the Underwriter under this Clause 3 or otherwise.
- 3.5 At any time prior to the Closing Date, the Company shall at the request of the Underwriter furnish or deliver to the Underwriter all information and documents which the Underwriter reasonably request for, for the purpose of verifying the truth, completeness or accuracy of the representations, warranties and undertakings contained herein.
- 3.6 The representations, warranties, covenants and undertakings set out in this Agreement shall survive the execution of this Agreement and shall be deemed to be repeated on each day up to the date of delivery of the notice of allotment in respect of the Underwritten Shares subscribed for by the Underwriter as if made on each such day with reference to the facts and circumstances existing on each such day and the rights and remedies conferred upon the Underwriter by the aforesaid representations, warranties, agreements and indemnities shall continue in full force and effect notwithstanding completion of the subscription and issue of the Public Issue Shares or any investigation by or on behalf of the Underwriter.

**8. TERMINATION**

- 8.1 Notwithstanding anything herein contained, the Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:
- 8.1.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company to the satisfaction of the Underwriter, or by the Closing Date, whichever is earlier; or
- 8.1.2 there is withholding of information which is required to be disclosed to the Underwriter pursuant to this Agreement, and if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Initial Public Offering, or the distribution or sale of the Public Issue Shares; or
- 8.1.3 there shall have occurred, happened or come into effect any of the following circumstances:
- (a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or the occurrence of any combination of any of the foregoing;

**3. PARTICULARS OF OUR IPO (Cont'd)**

- (b) any new law, regulation, directive, policy or ruling or any material change in law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority which would prohibit or impede the obligations of the Underwriter or any event or series of events beyond the reasonable control of the Underwriter;
- (c) any material and adverse change to the business or financial condition of the Company or the Group;
- (d) approval for the Initial Public Offering is withdrawn, modified and/or subject to terms and conditions not acceptable to the Underwriter;

which would have or can reasonably be expected to have, a material adverse effect on the success of the Initial Public Offering, or the distribution or sale of the Public Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or

- 8.1.4 there is failure on the part of the Company to perform any of its obligations herein contained; or
- 8.1.5 if the Closing Date is more than two (2) calendar months from the date of this Agreement or any later date as the Company and the Underwriter may mutually agree upon, this Agreement will automatically lapse without the requirement for any notice in writing to be given to such effect and the Underwriter will be released and discharged from its obligations.
- 8.2 Subject to prior consultation with the Company, the Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if any of the following occurs:
  - 8.2.1 there is a material change in any law, regulation, directive, policy or ruling in any jurisdiction which seriously affects or will seriously affect the business or financial condition of the Company and/or any company in the Group;
  - 8.2.2 any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), economic conditions or exchange control or currency exchange rates which in the reasonable opinion of the Underwriter is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FBM KLCI is, at the close of normal trading on Bursa Securities, on any Market Day:
    - (i) on or after the date of this Agreement; and
    - (ii) prior to the Listing Date,
 

lower than 85%, of the level of index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of this Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition; or
  - 8.2.3 the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities for three (3) or more consecutive Market Days.

3. PARTICULARS OF OUR IPO *(Cont'd)*

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- 8.3 Upon such notice(s) being given under this Clause 8, the Underwriter shall be released and discharged of its obligations under this Agreement without prejudice to its rights whereby this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, except that the Company shall remain liable in respect of its obligations and liabilities under Clause 3, any antecedent breaches and under Clause 12 for the payment of the costs and expenses already incurred up to the date of termination or in connection with such termination and for the payment of any taxes, duties or levies within seven (7) days from the date of the same being due.

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#### 4. RISK FACTORS

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**NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS BEFORE INVESTING IN OUR SHARES.**

If you are in any doubt as to the information contained in this section, you should consult your stockbroker, bank manager, solicitors, accountants or other professional adviser.

##### 4.1 RISKS RELATING TO OUR BUSINESS AND INDUSTRY

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

Our Group does not have long-term contracts with our customers. Our business relationships with customers were established and have continued in the absence of any formal long-term contracts. This is considered a norm in the industry that we are participating in. As such, there can be no assurance that our customers will continue to purchase our products in the future.

However, we have established long term business relationship with our customers, where approximately 60.00% of our customers have been dealing with us for more than five (5) years up to the LPD. In addition, approximately 21.00% of our customers have established business relationship with us for more than 10 years up to the LPD. The termination of a business relationship with any particular customer is not expected to materially affect our sales given that we have a diversified clientele base of approximately 2,700 customers located both in Malaysia and overseas. Moreover, none of our customers contribute more than 5.00% towards our Group's sales in each of the past four (4) financial years. We believe that we have been successful in retaining our customers despite not having long-term contracts with them due to our past track record in supplying quality automotive parts and components to our customers.

Nevertheless, there can be no assurance that our business relationships with our customers will be maintained in the future or the order flow for our products from these customers will continue at the same or higher levels in the future.

###### 4.1.2 We do not have formal contracts for distributorships of third party branded products

Our distributorships of third party branded products are granted by our suppliers without any formal contracts, save for Mercedes-Benz Malaysia Sdn Bhd which grants a non-exclusive dealership agreement to our subsidiary, Twinco for the supply of automotive engine and mechanical parts. Sales from Mercedes-Benz Malaysia Sdn Bhd's products constitute less than 2.00% of our Group's revenue for FYE 30 April 2013. There can be no assurance that these third party branded products suppliers will continue to grant us the distributorships in the future.

Nevertheless, approximately 68.00% of our third party branded products suppliers have established business relationships with us for more than three (3) years as of FYE 30 April 2013. Some of the third party brand names which we successfully obtained the renewal of distributorship in the past 20 years include New-Era, Unipoint, Bosch, ZF and Mercedes-Benz. Our Group has not experienced any termination of material distributorships of third party branded products in the past four (4) financial years up to the LPD. Moreover, no individual third party brands constitute 5.00% or more of our Group's revenue for FYE 30 April 2013, except for New-Era which constituted 5.50%.

#### 4. RISK FACTORS (Cont'd)

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Our Group had entered into a Trademark Licence Agreement with Lucas Industries Limited (“Lucas Ltd”) in 2012 which grants our Group the exclusive use but not the ownership of the Lucas trademark on our automotive electrical parts and components for Malaysia and designated countries in Asia such as Singapore, Indonesia, Vietnam, Brunei and Cambodia from 1 January 2013. In February 2013, our Group commenced sales of automotive electrical parts and components under the Lucas brand which were manufactured by our contract manufacturers. The contribution from Lucas brand for the three (3) months ended 30 April 2013 is approximately RM0.187 million.

Although our Group had entered into the Trademark Licence Agreement with Lucas Ltd, there is no assurance that the Trademark Licence Agreement may not be terminated by either our Group or Lucas Ltd should there be a breach of the terms and conditions of the agreement.

Please refer to Section 16.3(x) of this Prospectus for further details on the Trademark Licence Agreement.

We have also started to introduce our in-house brands since 1990 to mitigate any potential loss due to the failure in securing any distributorship renewal. More than 50.00% of our Group’s annual revenue over each of the past four (4) financial years is generated from the trading and distribution of our in-house branded automotive parts and components. For FYE 30 April 2013, 57.35% of our Group’s revenue and 65.08% of our Group’s GP is derived from our in-house branded products.

However, there can be no assurance that our business relationships with our suppliers will be maintained in the future or the purchase of the products from these suppliers will continue at the same or higher levels in the future.

##### 4.1.3 We operate in a competitive environment

The automotive aftermarket for parts and components in Malaysia (which includes the automotive aftermarket for electrical and non-electrical parts and components) is huge and provides market opportunities to a large and wide range of participants. It is a mature and competitive market and estimated to be over 5,000 market players ranging from small to medium size companies known to participate in the automotive aftermarket for parts and components. (Source: *IMR Report*)

Given the competitive environment, there can be no assurance that our Group will continue to be able to compete successfully with the other competitors and new entrants in the future.

Our Group’s future success will depend upon our ability to increase our market share, to maintain or increase revenues from sales to existing customers as well as to sell additional products to existing and new customers. Notwithstanding that our Group will be actively planning and implementing our marketing strategies and future plans to increase our revenue as well as our portfolio of customers, there can be no assurance that changes in the competitive environment will not have any adverse and material effect in our financial performance.

Notwithstanding the competitive environment in our industry, we believe that our competitive strengths will provide us with the edge to maintain our market position and market share. For further details of our competitive strengths, please refer to Section 6.6 of this Prospectus.

##### 4.1.4 We are dependent on our continuing ability to identify and keep abreast with the latest models of automotive parts and components

Existing automotive parts and components are constantly being improved or innovated from the advancement in automotive technologies while new materials are also being explored for their potential usages in the manufacture of automotive parts and components that can offer cost savings and better performance. The remanufactured alternators and starters produced by our Group may also be substituted by other different automotive parts and components that can offer similar or better functionalities and/or performance.



#### 4. RISK FACTORS (Cont'd)

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As such, the automotive parts and components industry that our Group participates in requires us to keep abreast with the latest models of automotive parts and components introduced to the market. This is important to our efforts in staying competitive by enabling us to expand our products range, increase our market share and penetrate into new markets. Our Group's business and operating results could be materially and adversely affected if we fail to identify and introduce new products for the automotive aftermarket on a timely basis.

Nevertheless, we always strive to keep abreast with the latest development in the industry. In addition, we have been participating in various international trade fairs and exhibitions to get the necessary industry exposures. We also actively seek feedback from our customers in respect of their new product requirements.

##### 4.1.5 We are dependent on the continued employment and performance of our Directors and key management

We believe that our Group's continuous success will depend, to a significant extent, upon the abilities and continued efforts of our Directors as well as our key management. The loss of any of our Directors or key management may adversely affect our continued ability to compete and grow in the industry.

Our Group's success also depends on our ability to hire, train and retain qualified and competent personnel. The process of locating personnel with the combination of skills and attributes required to execute our Group's strategies can be difficult, time-consuming and expensive.

We recognise the importance of attracting and retaining our Executive Directors and key management. We believe that we have in place competitive compensation packages and reward schemes. At the management level, we have also initiated the succession planning for our Group whereby we train and groom the younger members of our management team to gradually take on more responsibilities.

We have also documented our technical and standard operating procedures for our operations. Our standard operating procedures include the work instructions and other reference documents. With the documented standard operating procedures, on-the-job training and the grooming of our middle level management, we believe that we are less vulnerable to any disruption which may be caused by the resignation/loss of any of our key management.

Nevertheless, there can be no assurance that the above measures will always be successful in retaining our Directors and key management or ensuring smooth succession should changes occur.

##### 4.1.6 We are exposed to fluctuations in the foreign exchange rates

We are exposed to the foreign currency risk as a significant portion of our sales and purchases are transacted in foreign currencies namely the USD, Euro, Japanese Yen, Sterling Pound and SGD. For FYE 30 April 2013, approximately 75.42% of our total purchases and 39.74% of our total sales involved foreign currencies.

To mitigate this risk, we maintain foreign currency accounts for the purpose of holding foreign currencies for future payments on purchases to be transacted in foreign currencies and/or for future receipts from export sales. We shall use the foreign currency denominated proceeds from our export sales to pay for our imports when possible. For example, the proceeds in USD will be used to pay for any of our USD-denominated purchases. We constantly monitor our foreign exchange exposure and will convert part of our cash into foreign currency as and when it is necessary, mainly based on expected payments to be made and our expectation on the future receipts from export sales as well as movement of the exchange rate.

However, there can be no assurance that any future fluctuations in the foreign exchange will not adversely impact our Group's operating and financial performance.

#### 4. RISK FACTORS (Cont'd)

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##### 4.1.7 We are subject to political, economic and regulatory risk

Given that our Group purchases and sells our products in both the local and overseas markets, any adverse development in the political, economic and regulatory environment in the countries involved may adversely affect the financial and operational conditions as well as the overall profitability of our Group.

Political, economic and regulatory uncertainties include but are not limited to changes in general economic and business conditions, government legislations and policies affecting our industry, inflation, fluctuations in foreign exchange rates and interest rates, political or social development, risks of war, expropriation, nationalisation, renegotiation or nullification of existing contracts, methods of taxation and currency exchange controls.

Our Group will continue to adopt prudent management and precautionary measures but there can be no assurance that these measures are sufficient to address any future changes in the political, economic and regulatory environment in the countries involved.

Besides that, our operations in Malaysia are subject to various local laws and regulations such as Factories and Machinery Act 1967, Industrial Co-ordinance Act 1975, Sales Tax Act 1972 and Contracts Act 1950. Our Group cannot predict what regulatory and statutory requirements will be enacted in the future and how existing or future laws and regulations will be administered or interpreted. The compliance expenses if required can be significant and any violations of the existing and future regulatory and statutory requirements may result in substantial fines and/or penalties which may include the suspension of our Group's licences. Although our Group has put in place internal controls to ensure compliance with the relevant laws, there can be no assurance that any changes to the regulatory will not have a material impact to our Group.

Market players involved in the remanufacturing activities may have to consider sourcing for their raw material needs (used parts and components) solely from the domestic market in light of the gradual prohibition on the importation of used automotive parts and components by the Malaysian Government. (Source: IMR Report)

As disclosed in Section 6.11.1 of this Prospectus, the raw materials for our Group's remanufacturing business are only sourced locally. However in view of the gradual prohibition by the Malaysian Government, there is no assurance that our Group may be able to continue to source adequate supply of raw material for the remanufacturing business in the future at competitive prices. As at the LPD, our Group has not experienced any shortages of raw materials for our remanufacturing business.

##### 4.1.8 We are exposed to product warranty claims

Due to the nature of our business, our Group is exposed to the risk of product warranty claims for manufacturing defects. Any substantial claim relating to our products could have an adverse impact on our business operations and financial performance.

The automotive parts and components that we distribute and supply must meet our customer's requirements in terms of specifications and functionalities. Generally, we give a product warranty period from three (3) to 12 months from the date of invoice of our in-house branded products. For third party branded products that we sell, a product warranty is given to our customers provided that a warranty is obtained on a back-to-back basis from our suppliers.

Our Group seeks to only engage contract manufacturers and suppliers who are able to provide us with a warranty against manufacturing defects for our products. To date, our Group has not been subject to any material product warranty claims which had adversely impacted our financial performance. For the past four (4) FYE 30 April 2010 to 2013, our product warranty claims for in-house branded products has not exceeded 0.60% of our Group's total revenue for the financial years under review.

**4. RISK FACTORS (Cont'd)**

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**4.1.9 We are exposed to risk relating to adequacy of insurance coverage on our Group's assets**

At present, our Group's factory, office premises, plant and machinery, inventory of raw materials and finished products are insured based on the replacement cost of our assets in order to ensure that all our assets are adequately insured against unforeseen circumstances such as fire, flood, loss, damage, robbery and theft. We ensure the continuity of our insurance by renewing all the insurances annually and reviewing the adequacy of existing insurance coverage for all our assets. The total amount insured is RM49.630 million, which fully insured our Group's properties NBV (net of NBV for land amounting to RM8.423 million) and inventory as at FYE 30 April 2013.

Although we have taken reasonable steps to ensure that all our key assets are adequately covered by insurance, no assurance can be given that the insurance coverage will be sufficient to compensate for the replacement cost of our assets or any consequential loss arising thereof.

**4.1.10 We are subject to the risk of shipping disruptions**

As some of our products are imported/exported, directly and indirectly, from/to overseas, there is reliance on marine transportation for this purpose. Hence, we may be subject to shipping disruptions arising from adverse weather conditions, political turmoil, pirate attacks, social unrest, port strikes, oil spills, delayed and lost shipments, which may have an adverse impact on our business. However, we always ensure that all our products are adequately insured against any loss or damage to our products during shipment.

Our Group actively monitors the movement of goods from our overseas suppliers and delivery to our customers. In addition, we generally hold approximately 150 days of inventories on hand to meet the orders from our customers on a timely basis.

However, there can be no assurance that any future shipping disruptions will not adversely impact our Group's operating and financial performance. Further, any major fluctuation in charter and freight rates may have substantial impact on our cost. If we are unable to pass on such costs to our customers, our profitability may be adversely affected.

**4.1.11 Trade liberalisation in the regional automotive industry**

The Association of South East Asian Nations ("ASEAN") automotive industry, which includes the Malaysian automotive industry, had also experienced trade liberalisation among ASEAN member countries for its products. This development is expected to lead to the entry of more big regional market players into the field, not only automotive manufactures, but also their suppliers who provide the necessary parts and components. The competition in the local and ASEAN automotive industry is anticipated to increase significantly with the liberalisation trend and global automotive players are poised to position themselves strategically in this region. These global automotive players are likely to invite their suppliers from other regions for automotive parts and components to participate as well and they may not source their raw materials like automotive parts and components from local manufacturers or suppliers.

On a more positive note, market players are able to explore export opportunities in the vast regional market which has been opened up by the liberalisation within the ASEAN automotive industry and stand to benefit from potential economies of scale. *(Source: IMR Report)*

Our Group has not experienced any adverse impact from the trade liberalisation for the past four (4) financial years under review. There can be no assurance that our Group may not be affected by new or further trade liberalisation in the automotive industry.

4. RISK FACTORS (Cont'd)

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4.1.12 No assurance that our future plans will be successful

Our Group intend to expand our business by amongst others, manufacturing/assembly of new alternators and starters as well as expansion of distribution network. Please refer to Section 6.16.1 of this Prospectus for further details on our Group's future plans.

Our future plans involve a number of risks, including but not limited to new investment costs for the manufacture/assemble new alternators and starters as well as expansion of distribution network, increased marketing and promotional expenses, and cost of land acquisition. Although our management has exercised due care in assessing the risks and merits of undertaking the future plans, there is no assurance that we will be successful in increasing our market share, revenue and/or profitability through such business expansion.

**Notwithstanding the above measures, steps and efforts undertaken by our Company to mitigate the abovementioned risks relating to our business and industry, there can be no assurance and guarantee that we can successfully manage all the risks including our ability to compete successfully in the future, our ability to obtain sufficient supply of products and materials from our regular suppliers, no assurance that our customers will continue to place orders with us in the future and at the same levels as they had previously, our ability to successfully manage our exposure to exchange rate fluctuations risks and our ability to attract and retain our Directors and key management with similar level of experience and capabilities. Failure to do so could have a material and adverse impact on our business, financial condition and the results of our operations.**

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#### 4. RISK FACTORS (*Cont'd*)

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##### 4.2 RISKS RELATING TO INVESTMENT IN OUR SHARES

###### 4.2.1 Delay or abortion of our Listing

Our Listing may be potentially delayed or aborted in the event of the following:

- (a) Our Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations; or
- (b) We are unable to meet the public spread requirement of at least 25.00% of our enlarged issued and paid-up share capital to be held by a minimum of 1,000 public shareholders holding not less than 100 Shares each, at the time of our Listing.

We expect to meet the public shareholding requirement at the point of Listing by allocating the IPO Shares to the required number of public shareholders during the balloting/private placement processes. However, in the event that we are unable to meet the above requirement, monies paid in respect of any application accepted will be returned to you without interest within 10 days after we become liable to repay it.

###### 4.2.2 No prior market for our Shares and possible volatility of our Share price

There is no prior market for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or if developed, that such market will be sustained. In addition, our Shares could trade at prices that may be lower than our IPO Price as a result of many factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These include, amongst others, prevailing global and local economic conditions, the depth and liquidity of the market for our Shares and investors' individual perceptions of our Group.

###### 4.2.3 Control by Promoters

Upon Listing, our Promoters will collectively hold approximately 61.28% of our enlarged issued and paid-up share capital. Depending on how they choose to vote and because of their shareholdings, our Promoters will generally be expected to have significant influence on the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting by law and/or as required by the relevant authorities.

Nevertheless, as a step towards good corporate governance, we have appointed three (3) Independent Non-Executive Directors and set up an Audit Committee to ensure that, *inter-alia*, any future transactions involving related parties are entered into on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders.

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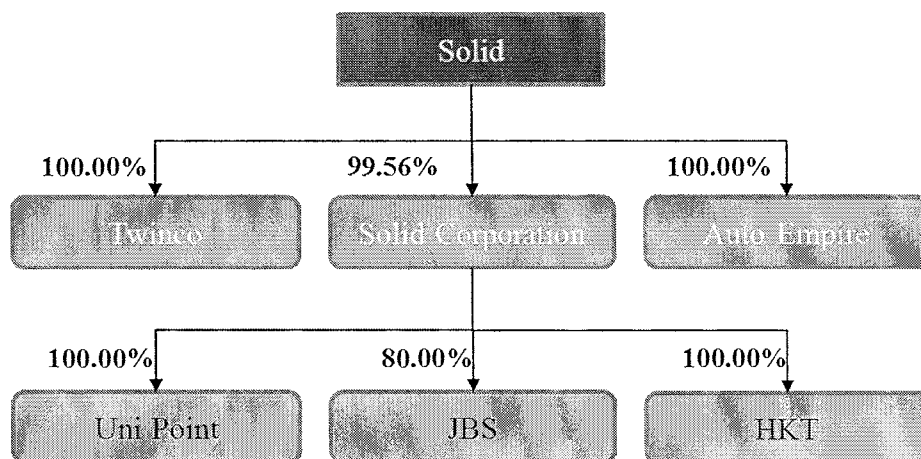
## 5. INFORMATION ON OUR GROUP

### 5.1 OUR HISTORY

Solid was incorporated in Malaysia under the Act as a public limited company on 12 September 2012 under the name Solid Automotive Berhad to facilitate our listing on the Main Market of Bursa Securities.

As at the LPD, our Company's authorised share capital is RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each, of which 114,616,000 ordinary shares of RM0.50 each has been issued and fully paid-up. For the purpose of our Listing, we have also completed the Acquisitions on 13 June 2013.

Our Group structure is as follows:



Company	Principal Activities
Solid	Investment holding and provision of management services
<b>Trading and Distribution</b>	
Twinco	Trading and distribution of automotive engine and mechanical parts and components
Solid Corporation	Trading and distribution of automotive electrical parts and components
Auto Empire	Trading and distribution of automotive engine and mechanical parts and components
Uni Point	Trading and distribution of automotive electrical parts and components
<b>Remanufacturing</b>	
JBS	Remanufacturing of automotive alternators and starters
<b>Others</b>	
HKT	Ceased operations

Please refer to Section 6.1.2 of this Prospectus for further details in relation to Solid Group's principal activities.

Our Group's history can be traced back to 1982, when our Managing Director, Ker Min Choo together with our Executive Director, Ker Mong Keng, and their brother, Ker Boon Kee, jointly established Solid Corporation in Johor Bahru, Johor. Solid Corporation was established to undertake the trading of automotive electrical parts and components in Malaysia.

**5. INFORMATION ON OUR GROUP (Cont'd)**

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They subsequently acquired the equity interest in Uni Point (formerly known as Pam Industries Sdn Bhd) in 1986 to undertake the wholesaling of various aftermarket third party branded automotive electrical parts and components in Johor.

In 1990, we started to pursue the OBM business model to generate further business growth. Under this business model, a business entity typically outsources the manufacturing process to third party producers and concentrates on brand promotion as well as sales and marketing activities. This business strategy enabled our Group to move up the value chain and to obtain a higher profit margin. Our Group had in the same year started selling our in-house branded automotive electrical parts and components under our Group's brand namely Hansa Parts.

In 1991, we acquired a dormant company in Singapore named Auto Empire. Auto Empire commenced its business in 1992 in the import and export of third party branded automotive, engine and mechanical parts and components.

In 1994, our wholly-owned subsidiary, Twinco, was incorporated to take over the trading business of third party branded automotive engine and mechanical parts and components from Europe for the commercial vehicle segment from Tampoi Auto Supply Sdn Bhd, a related party which has since changed its principal activity to owning and managing properties for rental and investment holding company.

In 1998, we obtained a distributorship of Unipoint branded automotive electrical parts and components in Malaysia. The principal activity of Uni Point was then changed to the selling and distribution of Unipoint branded automotive electrical parts and components.

In 2003, we expanded our business upstream by setting up JBS with Ong Pang Boon, who holds a 20.00% equity interest in the company. JBS was incorporated to focus on the business of remanufacturing of alternators and starters for passenger vehicle segment, under  (i.e. KIS) brand.

Solid Corporation continued with its expansion over the years with the setting up of seven (7) sales branches in various regions across Malaysia. Our first local sales branch was established in Kuala Lumpur in 1993. The subsequent branches were established in Perak (in 1997), Sabah (in 1998), Pahang and Melaka (in 2009) as well as Penang and Selangor (in 2011).

Besides the local market, our Group has also managed to penetrate into over 30 countries such as Saudi Arabia, UAE, Libya, Ecuador, Indonesia, Syria, Yemen, Thailand, Sri Lanka and Sudan.

In 2012, we registered another milestone in our Group's history by signing a Trademark Licence Agreement with Lucas Industries Limited ("Lucas Ltd") which grants our Group the exclusive use but not the ownership of the Lucas trademark on our automotive electrical parts and components for Malaysia and designated countries in Asia such as Singapore, Indonesia, Vietnam, Brunei and Cambodia. Lucas is a well known brand which was established in 1872 in the UK. The Lucas product range covers, amongst others, automotive bulbs, batteries, wiper blades, starters and alternators. This will help to enhance our reputation and image in the automotive aftermarket. Our automotive electrical parts and components manufactured by our contract manufacturers will be marketed under the Lucas brand, i.e. third party brand, and will be promoted in the designated countries in Asia.

In February 2013, our Group commenced sales of automotive electrical parts and components under the Lucas brand which were manufactured by our contract manufacturers. The contribution from Lucas brand for the three (3) months ended 30 April 2013 is approximately RM0.187 million.

As at the LPD, we carry 18 in-house brands, over 100 third party brands and more than 7,000 SKU items.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.2 SHARE CAPITAL

Our present authorised share capital is RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each, of which RM57,308,000 comprising 114,616,000 Shares are issued and credited as fully paid-up. Upon completion of our IPO, our issued and paid-up share capital will increase to RM75,000,000 comprising 150,000,000 Shares. The changes in our issued and paid-up share capital since our incorporation are as follows:

Date of Allotment	No. of Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
12.09.2012	2	0.50	Cash	1
13.06.2013	114,615,998	0.50	Otherwise than cash - Acquisitions	57,308,000

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

### 5.3 SUBSIDIARY COMPANIES

#### 5.3.1 Twinco

##### (i) History and Business

Twinco was incorporated on 24 November 1994 in Malaysia under the Act as a private limited company and commenced operations in the same year. It is principally involved in the trading and distribution of automotive engine and mechanical parts and components.

##### (ii) Share Capital

Twinco's present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which RM1,878,417 comprising 1,878,417 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of Twinco since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
24.11.1994	3	1.00	Cash	3
19.08.1995	350,000	1.00	Cash	350,003
25.03.1998	149,997	1.00	Cash	500,000
20.10.2000	1,378,417	1.00	Cash and otherwise than cash	1,878,417

There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments. As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Twinco.



## 5. INFORMATION ON OUR GROUP (Cont'd)

### (iii) Shareholders and Directors

Twinco is our wholly-owned subsidiary company and its Directors are Ker Min Choo, Ker Mong Keng and Ong Kheng Swee.

### (iv) Subsidiary and Associated Companies

Twinco does not have any subsidiary or associated company.

## 5.3.2 Solid Corporation

### (i) History and Business

Solid Corporation was incorporated on 5 August 1982 in Malaysia under the Act as a private limited company under the name of Solid Agencies Sdn Bhd and commenced operations in the same year. It assumed its current name on 28 January 1983. It is principally involved in the trading and distribution of automotive electrical parts and components.

### (ii) Share Capital

Solid Corporation's present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which RM4,650,903 comprising 4,650,903 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of Solid Corporation since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
05.08.1982	3	1.00	Cash	3
15.09.1983	190,000	1.00	Cash	190,003
18.10.1983	10,000	1.00	Cash	200,003
01.07.1985	100,000	1.00	Cash	300,003
25.04.1996	450,006	1.00	Otherwise than cash	750,009
28.04.1996	187,506	1.00	Cash	937,515
30.05.2000	62,485	1.00	Cash	1,000,000
29.04.2002	100,000	1.00	Cash	1,100,000
28.04.2003	150,000	1.00	Cash	1,250,000
29.04.2005	120,000	1.00	Cash	1,370,000
01.09.2007	100,301	1.00	Otherwise than cash	1,470,301
12.09.2007	2,940,602	1.00	Otherwise than cash	4,410,903
18.11.2011	240,000	1.00	Cash	4,650,903

There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments. As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Solid Corporation.

### (iii) Shareholders and Directors

Solid Corporation is our 99.56% owned subsidiary company and its Directors are Ker Min Choo, Ker Mong Keng and Ong Kheng Swee.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### (iv) Subsidiary and Associate Companies

As at the date of this Prospectus, Solid Corporation has three (3) subsidiary companies, namely, JBS, Uni Point and HKT. Solid Corporation does not have any associate company.

The details of the subsidiary companies of Solid Corporation are as follows:

### (a) JBS

#### (i) History and Business

JBS was incorporated in Malaysia under the Act as a private limited company on 17 March 2003 under the name of KIS Auto Industries (M) Sdn Bhd and commenced operations in the same year. JBS assumed its current name on 20 October 2003. It is principally involved in the remanufacturing of automotive alternators and starters.

#### (ii) Share Capital

JBS' present authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of JBS since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
17.03.2003	2	1.00	Cash	2
23.09.2003	999,998	1.00	Cash	1,000,000

There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments. As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in JBS.

#### (iii) Shareholders and Directors

JBS is the 80%-owned subsidiary company of Solid Corporation and its Directors are Ker Min Choo, Ker Meng Oi, Ong Kheng Swee and Ong Pang Boon.

#### (iv) Subsidiary and Associate Companies

JBS does not have any subsidiary or associate company.

## 5. INFORMATION ON OUR GROUP (Cont'd)

## (b) Uni Point

## (i) History and Business

Uni Point was incorporated in Malaysia under the Act as a private limited company on 24 June 1981 under the name of Pam Industries Sdn Bhd. Uni Point was acquired by our Group in 1986 and assumed its current name on 11 June 1998. Uni Point was initially involved in the trading of automotive electrical parts (for various automotive aftermarket brands) in Johor. In 1998, Uni Point obtained a distributorship of Unipoint branded automotive electrical parts and components in Malaysia and it has been focusing solely on marketing and distributing Unipoint branded products since then.

## (ii) Share Capital

Uni Point's present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which RM410,000 comprising 410,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of Uni Point since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
24.06.1981	2	1.00	Cash	2
20.03.1986	49,998	1.00	Cash	50,000
25.07.1990	200,000	1.00	Cash	250,000
28.02.2000	160,000	1.00	Cash	410,000

There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments. As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Uni Point.

## (iii) Shareholders and Directors

Uni Point is the wholly-owned subsidiary company of Solid Corporation and its Directors are Ker Min Choo, Ker Mong Keng, Ker Soo Ha, Lee Heng Haw and Eng Choon Kwang.

## (iv) Subsidiary and Associate Companies

Uni Point does not have any subsidiary or associate company.

## 5. INFORMATION ON OUR GROUP (Cont'd)

## (c) HKT

## (i) History and Business

HKT was incorporated on 9 September 1997 in Malaysia under the Act as a private limited company under the name of Logical Topview Sdn Bhd and commenced operations in the same year. HKT changed its name to Pam Auto Electrical Parts Sdn Bhd in 22 October 1997 and subsequently to Solid Corporation (Ipoh) Sdn Bhd on 28 June 2001. HKT assumed its current name on 24 March 2009. In 2011, HKT ceased its business operations after its automotive trading business was absorbed by Solid Corporation.

## (ii) Share Capital

HKT's present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which RM200,000 comprising 200,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of HKT since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
09.09.1997	2	1.00	Cash	2
11.08.2001	199,998	1.00	Cash	200,000

There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments. As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in HKT.

## (iii) Shareholders and Directors

HKT is the wholly-owned subsidiary company of Solid Corporation and its Directors are Ker Min Choo, Lee Heng Haw and Eng Choon Kwang.

## (iv) Subsidiary and Associate Companies

HKT does not have any subsidiary or associate company.

## 5.3.3 Auto Empire

## (i) History and Business

Auto Empire was incorporated in Singapore under the Companies Act, Singapore, Cap. 50 as a private limited company on 3 November 1987 under the name of Via Gallia Trading (S) Pte Ltd. Auto Empire assumed its current name on 26 November 1990 and was acquired by our Group in 1991. Auto Empire commenced operations in 1992 and is principally involved in trading and distribution of automotive engine and mechanical parts and components.

## 5. INFORMATION ON OUR GROUP *(Cont'd)*

### (ii) Share Capital

Auto Empire's present issued and fully paid-up share capital is SGD1,900,000 comprising 1,900,000 ordinary shares.

The changes in the issued and paid-up share capital of Auto Empire since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Consideration	Cumulative Total SGD
03.11.1987	2	Cash	2
03.06.1991	299,998	Cash	300,000
24.04.2012	1,600,000	Cash	1,900,000

There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments. As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Auto Empire.

### (iii) Shareholders and Directors

Auto Empire is our wholly owned subsidiary company and its Directors are Ker Min Choo, Ker Mong Keng, and Ong Choon Huat.

### (iv) Subsidiary and Associate Companies

Auto Empire does not have any subsidiary or associate company.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.4 LISTING SCHEME

In conjunction with and as an integral part of our Listing, we proposed a Listing Scheme which was approved by the SC on 3 May 2013. The Listing Scheme involves the following:

#### 5.4.1 Acquisitions

The following Acquisitions were completed on 13 June 2013.

##### Twincó

Solid acquired the entire equity interest in Twincó of RM1,878,417 comprising 1,878,417 ordinary shares of RM1.00 each for a total purchase consideration of RM7,597,500 satisfied entirely by the issuance of 15,195,000 new Shares at par value.

Pursuant to the conditional share sale agreement dated 8 October 2012, Solid acquired the entire equity interest in Twincó from the existing shareholders of Twincó as follows:

Shareholder	Number of Ordinary Shares Acquired	% of Issued and Paid-Up Share Capital	Purchase Consideration RM	No. of Shares Issued
Ker Min Choo	523,910	27.89	2,118,942.50	4,237,885
Ker Mong Keng	1,080,477	57.52	4,370,082.00	8,740,164
Ker Meng Oi	178,471	9.50	721,762.50	1,443,525
Ker Soo Ha	95,559	5.09	386,713.00	773,426
	<b>1,878,417</b>	<b>100.00</b>	<b>7,597,500.00</b>	<b>15,195,000</b>

The purchase consideration of RM7,597,500 was arrived at on a willing-buyer willing-seller basis after taking into consideration the following adjustments:

	RM
Audited NA as at 30 April 2012	7,972,997
Less: Dividend payment to existing shareholders after 30 April 2012	(375,683)
<b>Adjusted NA</b>	<b>7,597,314</b>

##### Solid Corporation

Solid acquired 99.56% equity interest in Solid Corporation of RM4,650,903 comprising 4,650,903 ordinary shares of RM1.00 each for a total purchase consideration of RM40,289,363 satisfied entirely by the issuance of 80,578,726 new Shares at par value.

Pursuant to the conditional share sale agreement dated 8 October 2012, Solid acquired 99.56% equity interest in Solid Corporation from the existing shareholders of Solid Corporation as follows:

## 5. INFORMATION ON OUR GROUP (Cont'd)

Shareholder	Number of Ordinary Shares Acquired	% of Issued and Paid-Up Share Capital	Purchase Consideration RM	No. of Shares Issued
Ker Min Choo	1,674,284	36.00	14,568,634.00	29,137,268
Ker Mong Keng	1,228,392	26.41	10,688,768.50	21,377,537
Ker Meng Oi	436,125	9.38	3,795,258.00	7,590,516
Ker Soo Ha	456,675	9.82	3,972,531.00	7,945,062
Yeo Guik Hiang	20,550	0.44	177,273.00	354,546
Kek Kok Swee	411,012	8.84	3,577,695.50	7,155,391
Ong Kheng Swee	20,549	0.44	177,273.00	354,546
Lee Heng Haw	60,168	1.29	523,761.50	1,047,523
Eng Choon Kwang	60,168	1.29	523,761.50	1,047,523
Chang San Hor	22,428	0.48	193,389.00	386,778
Empressa Brilliante Sdn Bhd	240,000	5.17	2,091,018.00	4,182,036
	<b>4,630,351</b>	<b>99.56</b>	<b>40,289,363.00</b>	<b>80,578,726</b>

The purchase consideration of RM40,289,363 was arrived at on a willing-buyer willing-seller basis after taking into consideration the adjusted NA of Solid Corporation as at 30 April 2012 and proportionate it in accordance to the percentage of shareholding acquired. The adjusted NA was arrived at after taking into consideration the following adjustments:

	RM
Audited NA as at 30 April 2012	41,359,582
<b>Add:</b>	
- Gain on disposal of 2.63% equity interest in Auto Empire	250,303*
- Dividend received from Auto Empire after 30 April 2012 but prior to its disposal to Solid	19,618
<b>Less:</b> Dividend payment to existing shareholders after 30 April 2012	(1,162,726)
<b>Adjusted NA</b>	<b>40,466,777<sup>^</sup></b>

Notes:

\* The gain on disposal was computed based on the following:

	RM
Proceeds from disposal of 2.63% equity interest in Auto Empire	250,303
Less : Carrying value of investment by Solid Corporation in Auto Empire as at 30 April 2012	-
Gain on disposal	250,303

<sup>^</sup> The purchase consideration is after taking into consideration the adjusted NA multiplied by 99.56%.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### JBS

Solid Corporation acquired a 10.00% equity interest in JBS of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM159,939 satisfied entirely by the issuance of 319,878 new Shares at par value.

Pursuant to the conditional share sale agreement dated 8 October 2012, Solid Corporation acquired the 10.00% equity interest in JBS from the shareholders of JBS as follows:

Shareholder	Number Of Ordinary Shares Acquired	% of Issued and Paid-Up Share Capital	Purchase Consideration RM	No. of Shares Issued
Ker Min Choo	50,000	5.00	79,969.50	159,939
Ong Kheng Swee	50,000	5.00	79,969.50	159,939
	<b>100,000</b>	<b>10.00</b>	<b>159,939.00</b>	<b>319,878</b>

The purchase consideration of RM159,939 was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited NA of JBS as at 30 April 2012 of RM1,599,385 and proportionate it in accordance to the percentage of shareholding to be acquired.

The acquisition price for the 10.00% equity interest in JBS will be an amount owing by Solid Corporation to Solid and resulted in Solid Corporation having a 80.00% equity interest in JBS.

### Auto Empire

Solid acquired the entire equity interest in Auto Empire of SGD1,900,000 comprising 1,900,000 ordinary shares for a total purchase consideration of RM9,511,500 satisfied by the issuance of 18,522,394 new Shares at par value and cash consideration of RM250,303.

Pursuant to the conditional share sale agreement dated 8 October 2012, Solid acquired the entire equity interest in Auto Empire from the existing shareholders of Auto Empire as follows:

Shareholder	Number of Ordinary Shares Acquired	% of Issued and Paid-Up Share Capital	Purchase Consideration RM	Cash RM	No. of Shares Issued
Ker Min Choo	690,666	36.35	3,457,510.00	-	6,915,020
Ker Mong Keng	1,159,334	61.02	5,803,687.00	-	11,607,374
Solid Corporation	50,000	2.63	250,303.00	250,303	-
	<b>1,900,000</b>	<b>100.00</b>	<b>9,511,500.00</b>	<b>250,303</b>	<b>18,522,394</b>



## 5. INFORMATION ON OUR GROUP (Cont'd)

The purchase consideration of RM9,511,500 was arrived at on a willing-buyer willing-seller basis after taking into consideration the following adjustments:

	<b>RM</b>
Audited NA as at 30 April 2012	10,256,000
<b>Less:</b> Dividend payment to existing shareholders after 30 April 2012	(745,500)
<b>Adjusted NA</b>	<b>9,510,500</b>

### 5.4.2 Public Issue

In conjunction with our Listing, we will undertake a public issue of 35,384,000 new Shares, representing approximately 23.59% of our enlarged issued and paid-up share capital at the IPO Price to be allocated in the following manner:

(i) **Public Tranche**

7,500,000 Public Issue Shares, representing 5.00% of our enlarged issued and paid-up share capital, have been reserved for application by the Public, of which at least 50.00% shall be set aside for Bumiputera investors including individuals, companies, societies, co-operatives and institutions;

(ii) **Pink Form Tranche**

9,847,500 Public Issue Shares, representing approximately 6.57% of our enlarged issued and paid-up share capital, have been reserved for application by our eligible Directors, employees and persons who have contributed to the success of our Group;

(iii) **MITI Tranche**

15,000,000 Public Issue Shares, representing 10.00% of our Company's enlarged issued and paid-up share capital, have been reserved for Bumiputera investors approved by the MITI; and

(iv) **Placement Tranche**

3,036,500 Public Issue Shares, representing approximately 2.02% of our enlarged issued and paid-up share capital, have been reserved for placement to selected investors.

The Public Issue Shares shall rank *pari passu* in all respects with our existing issued and paid-up Shares, including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment thereof.

### 5.4.3 Offer for Sale

In conjunction with our Listing, the Offerors will offer up to 8,361,000 Offer Shares, representing approximately up to 5.57% of our enlarged issued and paid-up share capital to selected investors, identified by us or our Placement Agent.


### 5.4.4 Listing on Bursa Securities

The admission and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM75,000,000 comprising 150,000,000 Shares on the Main Market of Bursa Securities.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.5 KEY ACHIEVEMENTS AND MILESTONES

Our key achievements and milestones since inception are as follows:

Year	Key Achievements and Milestones
1982	Incorporated Solid Corporation for trading of automotive electrical parts and components
1986	Acquired equity interest in Uni Point (formerly known as Pam Industries Sdn Bhd) to undertake the wholesaling of various aftermarket branded automotive electrical parts in Johor
1990	Solid Corporation introduced our first in-house brand, Hansa Parts, for the automotive electrical parts and components
1992	Auto Empire commenced its business in the trading and distribution, i.e. the import and export of automotive engine and mechanical parts and components
1993	Established our first sales branch in Kuala Lumpur
1994	Incorporated Twinco to undertake the trading and distribution of automotive engine and mechanical parts and components for commercial vehicle segment
1997	Established our sales branch in Perak
1998	Obtained distributorship of Unipoint branded automotive electrical parts and components Established our sales branch in Sabah
2001	Penetrated the Indonesian market
2002	Penetrated the Thailand market
2003	Established JBS for remanufacturing of automotive alternators and starters, under  (i.e. KIS) brand Penetrated the Saudi Arabia and UAE markets
2004	Penetrated the Ecuador, Syria, Yemen, South Africa, Peru, Algeria and USA markets
2008	Penetrated the Egyptian market
2009	Established our sales branches in Pahang and Melaka
2011	Established our sales branches in Penang and Selangor
2012	Signed Trademark Licence Agreement with Lucas Ltd for the exclusive use but not the ownership of the Lucas trademark in Malaysia and designated countries in Asia. Lucas is a well known brand which was established in 1872 in the UK. Lucas product range covers amongst other, automotive bulbs, batteries, wiper blades, starters and alternators. Under the said arrangement, the automotive electrical parts and components manufactured by our contract manufacturers will be marketed under the Lucas brand, i.e. third party brand
2013	First sale of automotive electrical parts and components under the Lucas brand

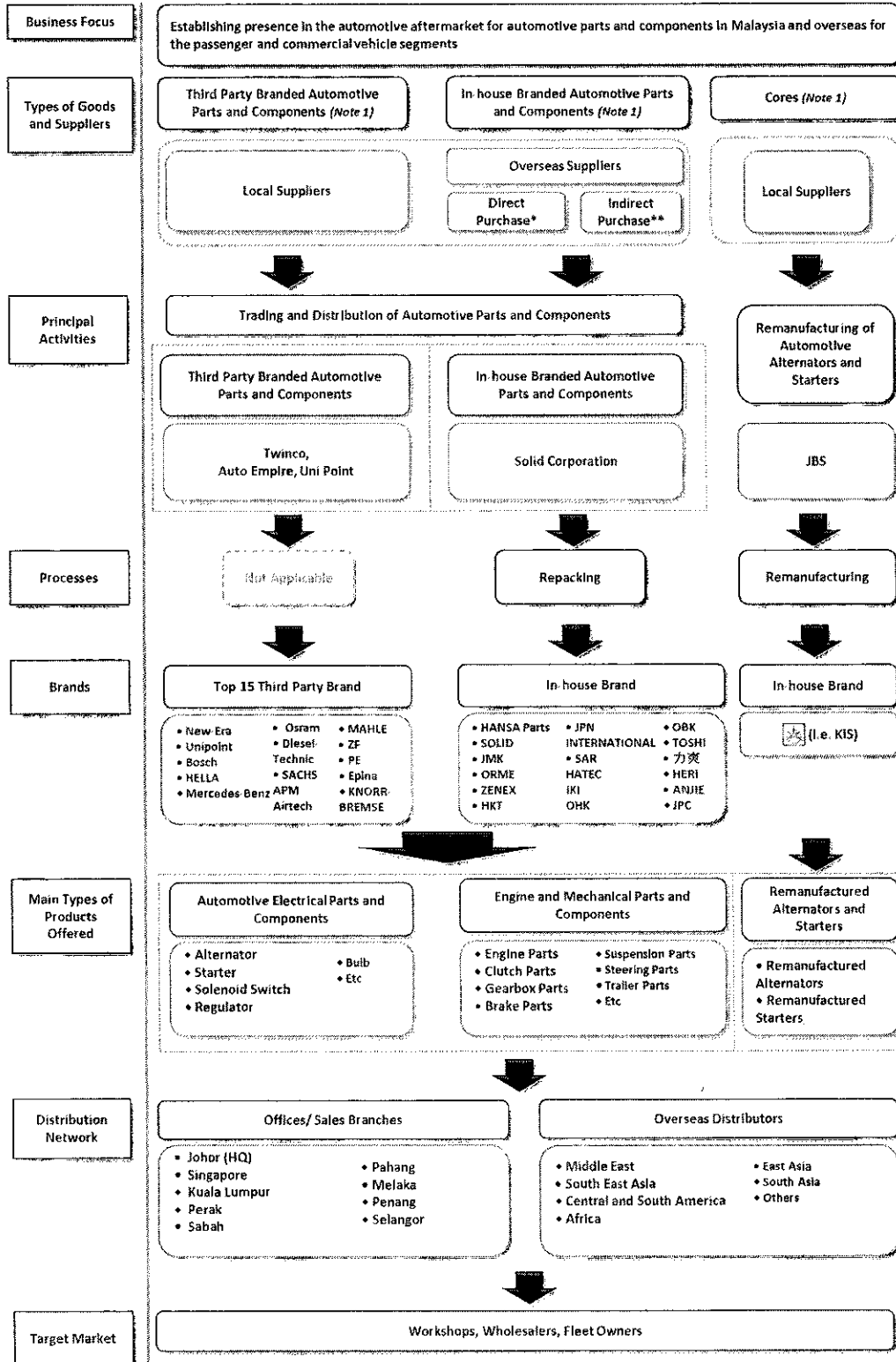
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6. BUSINESS OVERVIEW

6.1 OUR BUSINESS

6.1.1 Our Business Model

Our business model as at the LPD is illustrated in the following chart:



**6. BUSINESS OVERVIEW (Cont'd)****Notes:**

- \* Imported directly from overseas distributors/manufacturers.  
 \*\* Purchased from local appointed distributors of the overseas suppliers.  
 1 Number of local and overseas suppliers as at 30 April 2013 are as follows:

	Automotive Parts and Components		Cores
	Third Party Brand	In-house Brand	
No. of local suppliers	173	6	2
% of local purchases	34.56	6.52	100.00
No. of overseas suppliers	100	61	-
% of overseas purchases	65.44	93.48	-

- 2 In 2012, we have been granted the exclusive use but not the ownership of the Lucas trademark. With the signing of the Trademark License Agreement with Lucas in 2012 as disclosed in Sections 4.1.2, 6.6.3 and 16.3(x) of this Prospectus, our Group had in February 2013, commenced the sale of automotive electrical parts and components under the Lucas brand which were manufactured by our contract manufacturers. In this regard, our Group has expanded the category of offerings of our products i.e. third party brand but manufactured by our contract manufacturers.

**(i) Business focus**

Our Group is involved in the trading and distribution of automotive parts and components as well as remanufacturing of automotive alternators and starters for the passenger and commercial vehicle segments in the automotive aftermarket in Malaysia and overseas. The details of our principal activities as well as marketing activities and strategies are provided in Sections 6.1.2 and 6.5.2 of this Prospectus, respectively.

**(ii) Types of goods and suppliers**

We obtain our supplies of automotive parts and components for our in-house branded products from our contract manufacturers in Malaysia and overseas. For Lucas branded products, we source our products from our overseas contract manufacturers. We source for third party branded automotive parts and components from local appointed distributors of the overseas suppliers as well as through direct imports from overseas distributors or manufacturers. Cores which are used in the remanufacturing activities are sourced locally. For further details on distributorships, contract manufacturing and remanufacturing, please refer to Section 6.11.2 of this Prospectus.

**(iii) Principal activities**

We operate within the automotive aftermarket. Our principal activities include trading and distribution of in-house and third party branded automotive parts and components as well as remanufacturing of automotive alternators and starters. Our principal activities are detailed in Section 6.1.2 of this Prospectus.

**(iv) Processes**

We repack automotive parts and components which are manufactured by our contract manufacturers under our in-house brands and Lucas brand. We also offer repacking service to our overseas customers to repack the automotive parts and components manufactured by our contract manufacturers under customers' own brands. Third party branded automotive parts and components are received and subsequently delivered to our customers without any repacking. Cores procured from our suppliers are used in our remanufacturing activities. Please refer to Section 6.2 of this Prospectus for further details on our trading and remanufacturing processes.

**(v) Main types of products offered**

Our products can be segregated into three (3) segments namely automotive electrical parts and components, engine and mechanical parts and components as well as remanufactured alternators and starters. Details of our products are shown in Section 6.1.2 of this Prospectus.

## 6. BUSINESS OVERVIEW (Cont'd)

### (vi) Distribution network

Our Group's distribution network consists of our HQ in Johor Bahru, seven (7) sales branches located in Malaysia, one (1) sales branch in Singapore as well as our overseas distributors in several regions including Middle East, South East Asia, Central and South America, Africa, East Asia and South Asia. Further details on our distribution network are highlighted in Section 6.5.1 of this Prospectus.

### (vii) Target market

Our Group's target markets include workshops, wholesalers and fleet owners.

### 6.1.2 Principal Activities

Our principal activities can be grouped into two (2) main categories as follows:

- (a) Trading and distribution of automotive parts and components which include electrical, engine and mechanical parts and components; and
- (b) Remanufacturing of automotive alternators and starters.

### (i) Principal Activities


A summary of our principal activities is as follows:

Company name	Trading and distribution				Remanufacturing
	Automotive electrical parts and components		Engine and mechanical parts and components		Alternators and starters
	Third party brand <sup>^</sup>	In-house brand <sup>#</sup>	Third party brand <sup>^</sup>	In-house brand <sup>#</sup>	In-house brand <sup>*</sup>
Twinco	-	-	√	-	-
Solid Corporation	√ <sup>**</sup>	√	√	√	-
Auto Empire	-	-	√	-	-
Uni Point	√ <sup>**</sup>	-	-	-	-
JBS	-	-	-	-	√

**Notes:**

<sup>^</sup> As at the LPD, our Group is involved in the trading and distribution of automotive parts and components of more than 100 brands, including New-Era, Unipoint, Bosch, OSRAM, Mercedes-Benz, Diesel-Technic, Hella, Airtech, ZF and APM.

<sup>#</sup> Our Group is also involved in the OBM business model by trading and distributing products manufactured by our outsourced manufacturing suppliers under our own in-house brands such as Hansa Parts, Solid, ZENEX, JMK. Please refer to Section 6.13 of the Prospectus for further details of our registered brand names.

<sup>\*</sup> Our Group is involved in the remanufacturing of automotive alternators and starters. Please refer to Section 6.2.3 of this Prospectus for details of the remanufacturing process. Our Group's remanufactured starters and alternators are marketed under our in-house brand,  (i.e. KIS) and distributed by Solid Corporation.

<sup>\*\*</sup> In February 2013, our Group commenced the sale of automotive electrical parts and components under the Lucas brand which were manufactured by our contract manufacturers.

6. BUSINESS OVERVIEW (Cont'd)

(ii) Products distributed and remanufactured by our Group

Our products can be grouped into three (3) main categories:

- (a) Automotive electrical parts and components for the passenger and commercial vehicle segments;
- (b) Engine and mechanical parts and components for the passenger and commercial vehicle segments; and
- (c) Remanufactured alternators and starters for passenger vehicle segment.

The table below sets out the major products distributed and/or remanufactured by our Group:

Category of Products	Products	Manufactured by the Group's Contract Manufacturers					
		In-house Branded Trading Products			Third Party Branded Trading Products		
		Brand	Used by P* C*	Brand	Used by P* C*	Brand	Used by P* C*
(i) Automotive electrical parts and components	Alternator	Hansa Parts	✓	Lucas	✓	<ul style="list-style-type: none"> <li>• Unipoint</li> <li>• Mitsubishi</li> <li>• Prestolite</li> <li>• Bosch</li> </ul>	✓
	Starter	Hansa Parts	✓	Lucas	✓	<ul style="list-style-type: none"> <li>• Unipoint</li> <li>• Mitsubishi</li> <li>• SAWAFUJI</li> <li>• NIKKO</li> <li>• Bosch</li> </ul>	✓
	Solenoid switch	<ul style="list-style-type: none"> <li>• Hansa Parts</li> <li>• Solid</li> </ul>	✓	-	-	<ul style="list-style-type: none"> <li>• New-Era</li> <li>• Unipoint</li> <li>• Mitsubishi</li> <li>• TAMA</li> <li>• Eiko Denki</li> <li>• Bosch</li> <li>• EPINA</li> </ul>	✓
	Regulator	Hansa Parts	✓	Lucas	✓	<ul style="list-style-type: none"> <li>• New-Era</li> <li>• Unipoint</li> <li>• Bosch</li> <li>• Mitsubishi</li> </ul>	✓

6. BUSINESS OVERVIEW (Cont'd)

Category of Products	Products	Manufactured by the Group's Contract Manufacturers							
		In-house Branded Trading Products		Third Party Branded Trading Products		Third Party Branded Trading Products			
		Brand	Used by P* C*	Brand	Used by P* C*	Brand	Used by P* C*		
(i) Automotive electrical parts and components (continued)	Bulb	Hansa Parts	✓	-			<ul style="list-style-type: none"> <li>Member's</li> <li>MOBILETRON</li> <li>Osram</li> <li>HELLA</li> <li>Top Band</li> <li>Flösser</li> <li>KOITO</li> <li>Two Star</li> </ul>	✓	✓
	Sealed beam	<ul style="list-style-type: none"> <li>Hansa Parts</li> <li>ZENEX</li> </ul>	-	✓	-	-		-	✓
	Horn	Hansa Parts	✓	-	-	-	<ul style="list-style-type: none"> <li>Bosch</li> <li>Stebel</li> </ul>	✓	✓
	Wiper blade	<ul style="list-style-type: none"> <li>Hansa Parts</li> <li>jpn INTERNATIONAL</li> </ul>	✓	✓	-	-	<ul style="list-style-type: none"> <li>Bosch</li> <li>Unipoint</li> </ul>	✓	✓
	Plug cable	Hansa Parts	✓	-	-	-		-	-
	Carburator	<ul style="list-style-type: none"> <li>Hansa Parts</li> <li>Solid</li> </ul>	✓	-	-	-		-	-
	Relay	Hansa Parts	✓	✓	-	-	Bosch	✓	✓
	Ignition coil	Hansa Parts	✓	-	-	-		-	-
	Automotive wires	Hansa Parts	✓	-	-	-		-	-
	LED lamps, head lamps and beacons	Hansa Parts	✓	-	-	-	<ul style="list-style-type: none"> <li>Britax</li> <li>HELLA</li> </ul>	✓	✓
	Brake parts (pads, lining, shoes and booster)	JMK	✓	-	-	-	<ul style="list-style-type: none"> <li>Mercedes-Benz</li> <li>Mintye</li> </ul>	-	✓
	Coil spring	<ul style="list-style-type: none"> <li>Hansa Parts</li> <li>jpn INTERNATIONAL</li> </ul>	✓	✓	-	-		-	-

## 6. BUSINESS OVERVIEW (Cont'd)



Category of Products	Manufactured by the Group's Contract Manufacturers							
	In-house Branded Trading Products		Third Party Branded Trading Products		Third Party Branded Trading Products			
	Brand	Used by P* C*	Brand	Used by P* C*	Brand	Used by P* C*		
(ii) Engine and mechanical parts and components (continued)	Gear box	-	-	-	-	<ul style="list-style-type: none"> <li>• CEJ</li> <li>• ZF</li> <li>• Diesel-Technic</li> </ul>	-	✓
	Clutch disc/cover	-	-	-	-	<ul style="list-style-type: none"> <li>• SACHS</li> <li>• Maxeen</li> <li>• Mercedes-Benz</li> <li>• Diesel-Technic</li> </ul>	-	✓
	Crankshaft	-	-	-	-	<ul style="list-style-type: none"> <li>• BF Germany</li> <li>• OEG</li> </ul>	-	✓
	Oil and water pump	-	-	-	-	<ul style="list-style-type: none"> <li>• LASO</li> <li>• Pobjeda Tešanj</li> <li>• Diesel-Technic</li> </ul>	-	✓
	Piston and liner	-	-	-	-	<ul style="list-style-type: none"> <li>• Goetze</li> <li>• KS</li> <li>• MAHLE</li> <li>• Diesel-Technic</li> </ul>	-	✓
	Oil sump/gasket	-	-	-	-	<ul style="list-style-type: none"> <li>• dph</li> <li>• Elring</li> <li>• Diesel-Technic</li> </ul>	-	✓
	Intake and exhaust manifold	-	-	-	-	<ul style="list-style-type: none"> <li>• Natamak</li> <li>• Diesel-Technic</li> </ul>	-	✓
	Air / Oil filter	-	-	-	-	<ul style="list-style-type: none"> <li>• KS</li> <li>• Bosch</li> <li>• Mercedes-Benz</li> <li>• Diesel-Technic</li> </ul>	-	✓
	Fuel pump	-	-	-	-	<ul style="list-style-type: none"> <li>• Bosch</li> <li>• Diesel-Technic</li> </ul>	-	✓
	Injection unit	-	-	-	-	<ul style="list-style-type: none"> <li>• Bosch</li> <li>• Diesel-Technic</li> </ul>	-	✓
	Propeller shaft	-	-	-	-	<ul style="list-style-type: none"> <li>• GWB</li> </ul>	-	✓



6. BUSINESS OVERVIEW (Cont'd)

Category of Products	Manufactured by the Group's Contract Manufacturers														
	Products				In-house Branded Trading Products				Third Party Branded Trading Products						
	Brand	Used by P*	C*		Brand	Used by P*	C*		Brand	Used by P*	C*				
(ii) Engine and mechanical parts and components (continued)	Brake drum	-	-	-	-	-	-	-	-	-	-	-	PE Sino Mercedes-Benz	- - -	✓ ✓ ✓
	Compressor	-	-	-	-	-	-	-	-	-	-	-	LKV	-	✓
	Air dryer	-	-	-	-	-	-	-	-	-	-	-	KNORR-BREMSE WABCO Diesel-Technic SUNDOZ	- - - -	✓ ✓ ✓ ✓
	Valves	-	-	-	-	-	-	-	-	-	-	-	KNORR-BREMSE WABCO Diesel-Technic SUNDOZ Mercedes-Benz	- - - - -	✓ ✓ ✓ ✓ ✓
	Steering pump	-	-	-	-	-	-	-	-	-	-	-	LUK Diesel-Technic	- -	✓ ✓
	Drag link	-	-	-	-	-	-	-	-	-	-	-	Rota LEMFÖRDER Mercedes-Benz	- - -	✓ ✓ ✓
	Leaf spring	-	-	-	-	-	-	-	-	-	-	-	APM	-	✓
	Shock absorber	-	-	-	-	-	-	-	-	-	-	-	APM Mercedes-Benz SACHS Diesel-Technic	- - - -	✓ ✓ ✓ ✓
	Air spring	-	-	-	-	-	-	-	-	-	-	-	AIRTECH	-	✓
	Trailer parts (axle, landing gear, twist lock brackets etc)	-	-	-	-	-	-	-	-	-	-	-	Fang yu TMP HJ Segem	- - - -	✓ ✓ ✓ ✓

6. BUSINESS OVERVIEW (Cont'd)

Category of Products	Products	Manufactured by the Group					
		In-house Branded Trading Products			Third-Party Branded Trading Products		
		Brand	Used by P*	C*	Brand	Used by P*	C*
(iii) Remanufactured alternators and starters	Remanufactured alternator	 (i.e. KIS)	✓	-	-	-	-
	Remanufactured starter	 (i.e. KIS)	✓	-	-	-	-

Notes:

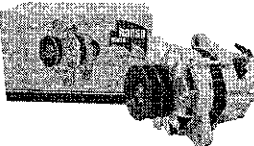
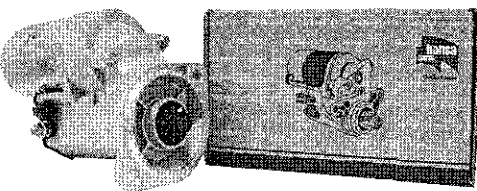


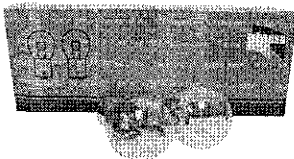
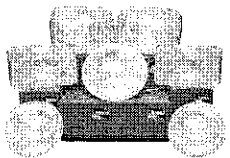
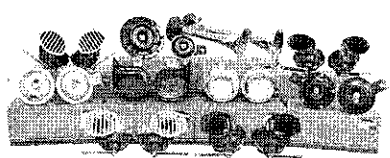
# In February 2013, our Group commenced the sale of automotive electrical parts and components under the Lucas brand which were manufactured by our contract manufacturers.  
 \* P denotes passenger vehicles ; C denotes commercial vehicles.

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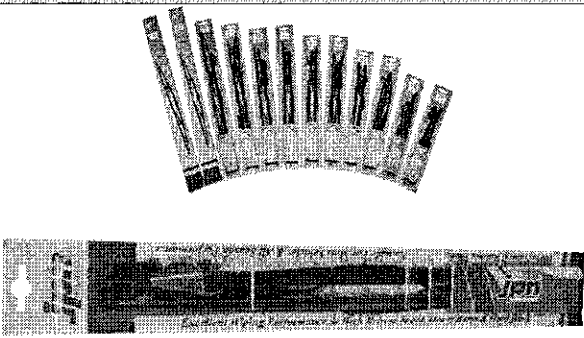
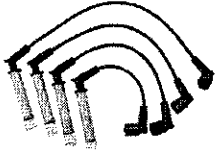

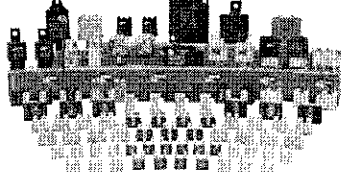
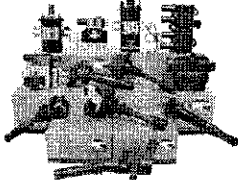

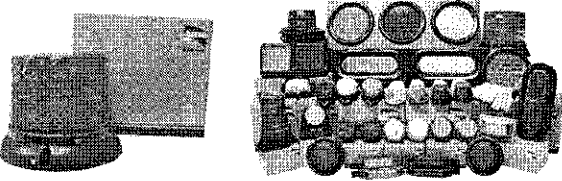
6. BUSINESS OVERVIEW (Cont'd)

Our in-house branded automotive parts and components include automotive electrical, engine and mechanical parts and components as well as remanufactured automotive alternators and starters as shown below:

(i) Automotive electrical parts and components

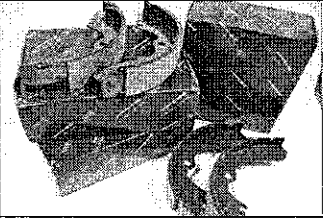
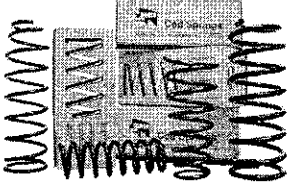
	Product
	Alternator
	Starter
	Solenoid switch
	Regulator
	Bulb
	Sealed beam
	Horn

6. BUSINESS OVERVIEW (Cont'd)

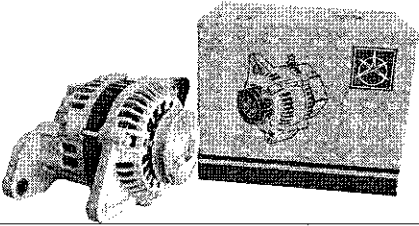
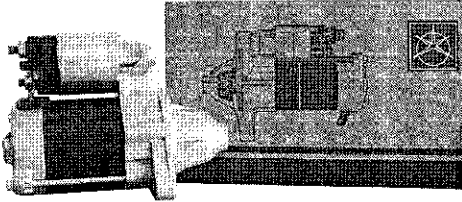
	Product
	Wiper blade
	Plug cable
	Carburator
	Relay
	Ignition coil
	Automotive wires
	LED lamps, head lamps and beacons

6. BUSINESS OVERVIEW (Cont'd)

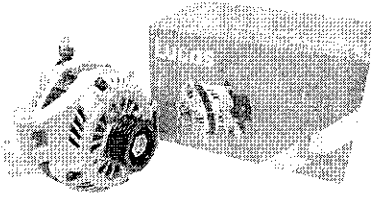

(ii) Engine and mechanical parts and components

		Product
		Brake shoes
		Coil spring

(iii) Remanufactured alternators and starters

		Product
		Remanufactured alternator
		Remanufactured starter

(iv) Lucas brand (automotive electrical parts and components)

		Product
		Alternator
		Regulator

## 6. BUSINESS OVERVIEW (Cont'd)

## (iii) Principal Markets

Our in-house branded products are exported to various regions across the world namely the Middle East, South East Asia, Central and South America, Africa and other regions in Asia. Our Group's principal markets comprise both domestic and export markets.

Our Group's revenue contributions by geographical locations for the past four (4) FYE 30 April 2010 to 2013 are as follows:

Revenue	Proforma Audited FYE 30 April							
	2010		2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Domestic market:								
- Malaysia and Singapore <sup>#</sup>	54,221	67.13	56,245	63.77	67,728	65.03	65,558	60.26
Overseas market:								
- Middle East and Africa*	20,296	25.13	25,766	29.21	30,370	29.16	37,489	34.46
- Others <sup>^</sup>	6,250	7.74	6,190	7.02	6,057	5.81	5,747	5.28
<b>Total revenue</b>	<b>80,767</b>	<b>100.00</b>	<b>88,201</b>	<b>100.00</b>	<b>104,155</b>	<b>100.00</b>	<b>108,794</b>	<b>100.00</b>

**Notes:**

<sup>#</sup> The sales generated for the Singapore market formed less than 1.00% of the total revenue for each of the past four (4) financial years under review.

\* Middle East and Africa market includes amongst others, Saudi Arabia, UAE, Libya, Egypt, Syria, Iran, Yemen, Oman, Turkey, Jordan and Cyprus.

<sup>^</sup> Other overseas market includes amongst others, Ecuador, Indonesia, Thailand, Sri Lanka, Philippines, Peru, Guatemala, Taiwan, Colombia, China, USA, Hong Kong, El Salvador, Fiji, India, Australia, Nepal, New Zealand, UK, Iran, Bolivia, Costa Rica, Pakistan, Russia, Ireland and Lithuania.

The domestic market comprising Malaysia and Singapore, was our largest market accounting for approximately 67.13%, 63.77%, 65.03% and 60.26% of our Group's revenue for the past four (4) FYE 30 April 2010 to 2013 respectively. Export revenue made up the balance and was contributed by more than 30 countries around the world.

For the past four (4) FYE 30 April 2010 to 2013, the Middle East and Africa was our largest overseas market contributing approximately 25.13%, 29.21%, 29.16% and 34.46% of our Group's revenue respectively.

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## 6. BUSINESS OVERVIEW (Cont'd)

Our Group's revenue contributions by end customer category for the past four (4) FYE 30 April 2010 to 2013 are as follows:

Revenue	Proforma Audited FYE 30 April											
	2010			2011			2012			2013		
	No. of customer	RM'000	%	No. of customer	RM'000	%	No. of customer	RM'000	%	No. of customer	RM'000	%
<b>Local</b>												
- Workshop	1,136	25,533	31.61	1,222	26,375	29.90	1,255	28,870	27.72	1,117	29,275	26.91
- Fleet owner	122	9,410	11.65	92	6,372	7.22	110	11,352	10.90	85	8,901	8.18
- Wholesaler	1,273	19,449	24.08	1,370	23,343	26.47	1,505	27,095	26.01	1,435	27,382	25.17
<b>Export</b>												
- Wholesaler	76	26,375	32.66	84	32,111	36.41	90	36,838	35.37	96	43,236	39.74
<b>Total revenue</b>	<b>2,607</b>	<b>80,767</b>	<b>100.00</b>	<b>2,768</b>	<b>88,201</b>	<b>100.00</b>	<b>2,960</b>	<b>104,155</b>	<b>100.00</b>	<b>2,733</b>	<b>108,794</b>	<b>100.00</b>

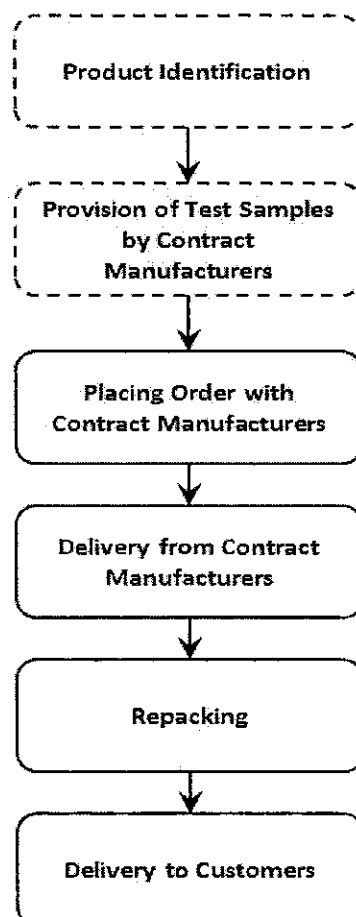
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## 6. BUSINESS OVERVIEW (Cont'd)

### 6.2 BUSINESS PROCESSES

The process flow of our businesses in trading and distribution of in-house and third party branded products and remanufacturing of alternators and starters are depicted below.

#### 6.2.1 Trading and Distribution of In-house Branded Products and Third Party Branded Products (i.e. Lucas) Manufactured by our Contract Manufacturers



 Applicable to new products only

#### (i) Product Identification

Our Group identifies new products from our participation in various international trade fairs and exhibitions as well as feedback received from our customers in respect of their new product requirements. We also undertake our in-house survey on current development and market trend in the industry.

#### (ii) Provision of Test Samples by Contract Manufacturers

After product identification, we request our selected contract manufacturers to produce samples of the products based on our specifications. This arrangement is applicable to new products which are currently not in our product range. Our contract manufacturers will produce the test samples for the new products. This process will generally take approximately three (3) to six (6) months. We will check the samples against our specifications before being accepted.



**6. BUSINESS OVERVIEW (Cont'd)**

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**(iii) Placing Orders with Contract Manufacturers**

Upon receiving the purchase orders from our customers, we will proceed to place orders with our contract manufacturers for them to commence production. For our Group's main contract manufacturers, our Group has entered into "supply agreement" detailing the scope of works required, pricing terms, duration, restrictive covenants and indemnity clause.

We have six (6) and 61 contract manufacturers based in Malaysia and China, respectively. Hence, we do not rely solely on any single contract manufacturer.

**(iv) Delivery from Contract Manufacturers**

Generally, our contract manufacturers take up to six (6) months to fulfill our first orders. Subsequent orders may take between one and a half (1.5) months and three (3) months for delivery depending on the quantity of orders and the complexity of products. Our contract manufacturers will deliver the products either to our rented warehouse which is located within the free trade zone of Pasir Gudang Port for re-export or to our Johor Bahru warehouse for local distribution. All incoming products are checked to ensure that they are in compliance with our specifications as well as our customers' requirements before being accepted. Any products which are not in compliance with our specifications will be returned to our contract manufacturers.

**(v) Repacking**

The products are repacked under our in-house brands such as Hansa Parts, Solid, ZENEX and JMK as well as Lucas as detailed in Section 6.1.2(ii) of this Prospectus.

If requested, we also repack products under our customers' own brands. Before accepting such orders, we will conduct checks to satisfy ourselves on the ownership of the brands in question to avoid any infringements of known trademarks.

The checks that we conduct include obtaining the Letter of Authorisation and Indemnity from our customers for repacking under private labels to indemnify our Group from any potential trademark infringement. We also conduct searches on the official registration of the requested private labels in the countries where the products are to be sold to verify the legitimate ownership of the private labels. We further seek confirmation from our customers on the non-infringement of the use of the requested private labels before the delivery of products to our customers.

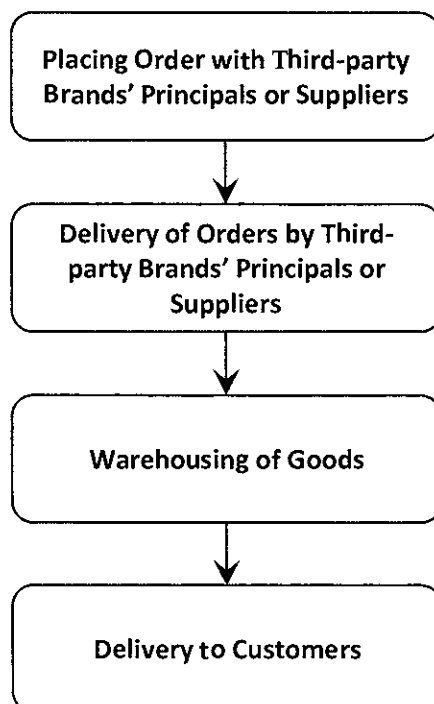
**(vi) Delivery to Customers**

Once the products at our rented warehouse at Pasir Gudang Port are completely packed and checked, the products are then shipped to our overseas-based customers. Meanwhile, the products at our warehouse in Johor Bahru are delivered by third party transportation companies to our local customers or sales branches.

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## 6. BUSINESS OVERVIEW (Cont'd)

### 6.2.2 Trading and Distribution of Third Party Branded Products



#### (i) Placing Orders with Third Party Brands' Principals or Suppliers

Our Group generally places orders for third party branded products directly with the respective principals or their exclusive distributors or agents. These parties are mainly based in Malaysia, Japan, China, Taiwan, Europe and Singapore. The third party brands that we sell include New-Era, Unipoint, Bosch, OSRAM, Mercedes-Benz and APM as detailed in Section 6.1.2(ii) of this Prospectus.

#### (ii) Delivery of Orders by Third Party Brand's Principals and Suppliers

Generally, our third party brands' principals or suppliers take up to three (3) months to deliver our orders.

Goods from overseas are delivered either to our rented warehouse at Johor Port in Pasir Gudang, Johor for re-export or to our HQ in Johor Bahru, for local distribution. Goods from local suppliers are sent to either our HQ in Johor Bahru or our sales office cum warehouse in Kuala Lumpur. All incoming goods are checked to ensure that the goods are in compliance with our requirement before being accepted.

#### (iii) Warehousing of Goods

Our warehousing team will store the goods according to brand and product group to facilitate the sorting and picking process.

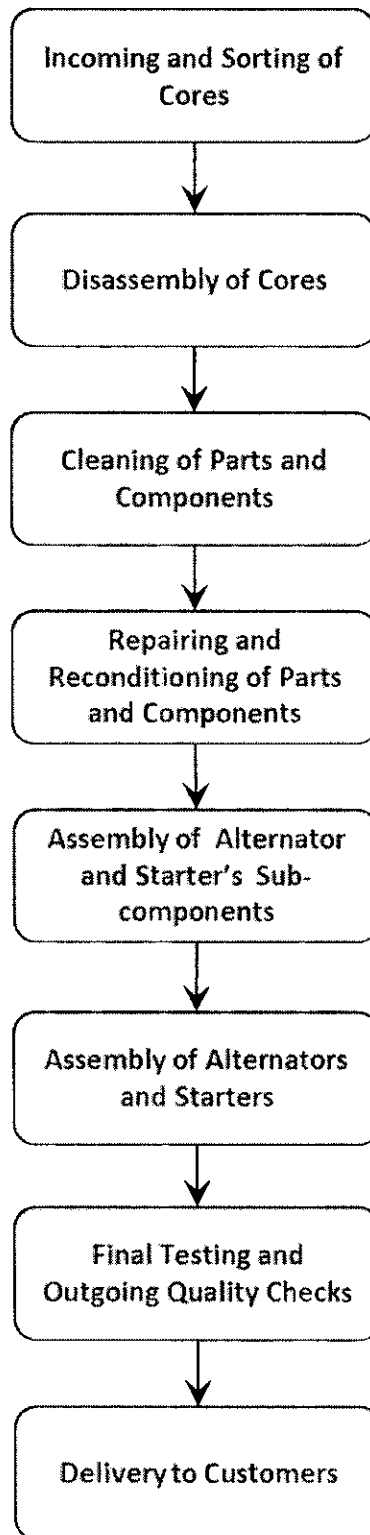
#### (iv) Delivery to Customers

All our outgoing goods will be checked by our logistic team against the orders before being delivered to our local and overseas-based customers.

6. BUSINESS OVERVIEW (Cont'd)

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6.2.3 Alternators and Starters Remanufacturing Processes



**6. BUSINESS OVERVIEW (Cont'd)**

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**(i) Incoming and Sorting of Cores**

The cores are supplied by scrap collectors. Upon receiving the cores, these cores are firstly sorted by segregating them into different types of model and sizes while visual examination on the condition of the cores is conducted at the same time. This visual examination is important to determine their suitability for remanufacturing. Any cores which are deemed not suitable for remanufacturing purpose will be returned to the suppliers. The good cores are transferred to the warehouse for storage before being transferred to the production line for processing.

**(ii) Disassembly of Cores**

The cores are completely dismantled into different parts and components. The dismantled parts and components are visually inspected and checked to identify any worn-out, missing, defective or damaged parts and components. The worn out, defective or damaged parts will be sent for repair and/or reconditioning.

**(iii) Cleaning of Parts and Components**

All the parts and components are thoroughly cleaned through a series of cleaning processes which include sand-blasting, steel brush cleaning and chemical cleaning to remove the dirt and grime. Meanwhile, bearings and gears are cleaned, checked and re-lubricated manually.

**(iv) Repairing and Reconditioning of Parts and Components**

The worn-out, defective or damaged parts and components are repaired (where possible). Part of the process includes rewiring of stator with new copper wires while components such as pulleys, rotors and shafts are milled or rethreaded and/or repainted if required. Our Group outsource the works involving electroplating of parts and components such as covers, pulleys and bolts.

All repaired or reconditioned parts and components are tested to ensure compliance with the desired specification. Parts or components which do not comply with our specification are not used in the subsequent process. These discarded parts and components are accumulated and later sold to the scrap metal dealers.

**(v) Assembly of Alternator and Starter's Sub-components**

The assembly process starts with the sub-assembly of the alternator and starter's sub-components such as gear, solenoid and stator using the repaired and/or reconditioned parts and components. New components are used if required.

**(vi) Assembly of Alternators and Starters**

Thereafter, the alternator and starter's sub-components and other parts are assembled into complete alternators and starters according to the identified models/types.

**(vii) Final Testing and Outgoing Quality Checks**

Our outgoing QC team will perform a final testing on the assembled alternators and starters on our test bench. Quality checks are also conducted on the assembled alternators and starters to ensure compliance with our specifications. A QC approved stamp is marked on the alternators and starters which pass the final testing and QC checks.

**(viii) Delivery to Customers**

Our Group will engage the services of third party logistics providers to deliver the alternators and starters to our local customers or ship the alternators and starters to our overseas-based customers.

## 6. BUSINESS OVERVIEW (Cont'd)

## 6.3 PRODUCTION CAPACITY

## 6.3.1 Production and Storage Capacity and Production Output

The production capacity and utilisation of our production machineries and equipment owned by JBS for our remanufacturing activities are illustrated in the table below:

Total Production Area sq. ft.	Machinery/ Equipment	Quantity Unit	Maximum Production Capacity Units per Shift per Month per Machine	Actual Production Output* Units per Shift per Month per Machine	Production Utilisation %	Audited NBV as at 30 April 2013 RM
39,840	<b>Cleaning machine:</b>					
	• Tumble belt cleaning machine	2	50,000 sets of alternator housing / starter housing	8,000 sets of alternator housing / starter housing	16.00 <sup>(1)</sup>	#
	• Mechanical rust remover machine	1	20,000 rotors / starter coils	10,000 rotors / starter coils	50.00	#
	• Manual blaster machine	2	6,000 alternator coils	2,500 alternator coils	42.00	#
	• Turbo washer machine	1	60,000 starter coils	10,000 starter coils / alternator coils	16.66 <sup>(2)</sup>	33,833
		1	50,000 starter coils / alternator coils	10,000 starter coils / alternator coils	-(3)	#
	• 150-litre tumbling machine	1	12,500 small components	6,500 small components	52.00	11,025
	• Semi auto blaster machine	1	56,000 small components	2,600 small components	5.00 <sup>(4)</sup>	8,875
	• 350-litre vibratory parts cleaning machine	1	62,500 housings	8,000 housings	13.00 <sup>(5)</sup>	2,875
	<b>Testing machine:</b>					
	• Starter tester	1	7,000 starters	4,000 starters	57.00	#
	• Alternator tester	5	5,000 alternators	1,200 alternators	24.00	21,600

## Notes:

- \* Actual production output is calculated based on 12-hour shift per day and 26 working days per month.
- # These machineries and equipment have been fully depreciated.
- (1) One unit is a refurbished unit purchased in 2003 while the second unit was bought new in 2005. Due to the importance of the sandblasting process to production, the second unit was purchased to be a standby machine in case the first unit breaks down.
- (2) The machine was purchased in January 2013 and only used to clean heavily soiled components, which are low volume by nature. This machine has a larger than the required capacity.
- (3) The machine was replaced with the new machine purchased in 2013 as above, due to its poor condition. It is no longer used in production process and after refurbishment is currently retained for standby purpose.
- (4) The machine is only used to clean rusty components, which are not high in volume by nature. Also, this machine is a refurbished unit and has a larger than the required capacity.
- (5) The machine is a refurbished unit and has a larger than the required capacity.

## 6. BUSINESS OVERVIEW (Cont'd)

Our storage capacity as at LPD is as detailed below:

**Owned properties**

Location	Built-up Area sq. ft.	Area Allocated for Storage sq. ft.	Approximate Utilised Area Allocated for Storage sq. ft.	Approximate Utilisation Rate %
No. 5, Jalan Dataran 5 Taman Kempas 81200 Johor Bahru Johor Darul Takzim	41,360	20,160	17,942	89.00
No. 7, Jalan Dataran 5 Taman Kempas 81200 Johor Bahru Johor Darul Takzim	23,025	18,254	16,429	90.00
No. 17, Jalan Kukuh Off Jalan Tampoi Kawasan Perusahaan Tampoi, Larkin 80350 Johor Bahru Johor Darul Takzim	43,527	6,437	6,115	95.00
No. 30, Persiaran Segambut Tengah 51200 Segambut Kuala Lumpur	6,068	4,400	3,960	90.00
No. 10, Laluan Perusahaan Menglembu 6 Kawasan Perusahaan Menglembu 31450 Menglembu Perak Darul Ridzuan	5,400	4,200	3,570	85.00
Lot 4740, Jalan Wong Ah Jang 25100 Kuantan Pahang Darul Makmur*	7,470	6,670	5,670	85.01
A249, Jalan Wong Ah Jang 25100 Kuantan Pahang Darul Makmur*	3,887	2,380	-	-
G4, G5, G6 & G7, Blok B4 Jalan Rahmat 3 Taman Malim Jaya 75250 Melaka	4,824	3,450	2,933	85.02
No. 3 & 5, Lorong Limbungan Indah 1 Taman Limbungan Indah 12100 Butterworth Pulau Pinang	7,788	5,632	4,224	75.00
No. 29, Jalan Jelai 10/KS1 Teluk Gadong Besar 42000 Pelabuhan Klang Selangor Darul Ehsan	4,750	4,200	3,570	85.00

**Note:**

\*

As disclosed in Section 6.15.1 of this Prospectus, our Group has on 26 July 2013 relocated the office and warehouse of Kuantan branch to the adjacent property which is owned by Solid Corporation i.e. No. A249, Jalan Wong Ah Jang, 25100 Kuantan, Pahang Darul Makmur.

## 6. BUSINESS OVERVIEW (Cont'd)

## Rented properties

Location	Built-up Area sq. ft.	Area Allocated for Storage sq. ft.	Approximate Utilised Area Allocated for Storage sq. ft.	Approximate Utilisation Rate %
JPL 1 Jalan Wisma Kontena Johor Port Berhad, 81750 Pasir Gudang Johor Darul Takzim	10,000	9,422	8,951	95.00
Lot 13 & 14, Lorong Durian 3 Kian Yap Light Industrial Estate Jalan Kolombong 88450 Sabah	8,400	7,516	6,764	90.00
10 Admiralty Street #01-86 Singapore 757695	4,003	2,250	2,137	95.00
10 Admiralty Street #01- 64 Singapore 757695	3,584	2,971	2,822	95.00

Under the proposed expansion plan, our Group intends to house the Group's entire operations including the remanufacturing of alternators and starters and warehousing at a location to be identified. Our Group intends to utilise RM9.000 million from the proceeds raised from the Public Issue for the said purpose. For further details on centralisation of our Group's operations, please refer to Section 6.16.1(ii) of this Prospectus.

## 6.3.2 Technology Used

For our manufacturing activity, we are currently involved in the remanufacturing of used alternators and starters, as described in the production process in Section 6.2.3 of this Prospectus. The machinery used for manufacturing includes mechanical rust remover machine, manual blaster machine, alternator tester, starter tester, turbo washer machine, tumble belt cleaning machine, 350-litre vibratory parts cleaning machine, 150-litre tumbling machine and semi auto blaster machine as detailed in Section 6.3.1 of this Prospectus.

In view of this, our Group is not using any identified technologies other than technologies available/embedded in the said machinery.

## 6.4 SEASONALITY OF OUR BUSINESS

Generally, our Group's business is not affected by seasonality. However, we do experience slightly lower sales in our domestic market during the major festive periods, particularly during the Chinese New Year and Ramadan/Hari Raya period.

## 6. BUSINESS OVERVIEW *(Cont'd)*

### 6.5 DISTRIBUTION AND MARKETING

#### 6.5.1 Distribution Network

Our Group's local distribution network covers the whole of Malaysia. As at the LPD, Solid Corporation has its HQ in Johor Bahru, seven (7) sales branches/warehouses in Malaysia and one (1) sales branch in Singapore. Twinco's and Uni Point's sales personnel are all based at our HQ in Johor Bahru whereas Auto Empire's sales personnel are based in Singapore. Our Group has 95 overseas distributors, which are wholesalers, to market and sell our products in their respective countries to their respective customers which mainly comprises of spare parts shops and other retailers. These distributors enable us to broaden our geographical reach to penetrate into the overseas markets.

As at the LPD, the summary of the number of our regional sales personnel for the local market and distributors for export market is as follows:

	Regional Sales	
	Personnel	Distributors
Malaysia		
• Central region (Kuala Lumpur, Selangor and Melaka)	17	-
• Northern region (Perak and Penang)	12	-
• Southern region (Johor)*	19	-
• Eastern region (Pahang)	8	-
• East Malaysia (Sabah)	7	-
Singapore	1	-
Overseas markets	2	
• Middle East:		
- Saudi Arabia	-	27
- Others (UAE, Syria, Yemen, Turkey, Oman and Jordan)	-	12
• Africa (Libya, Sudan, Egypt, Algeria, South Africa and Mauritius)	-	14
• Others:		
- South East Asia (Indonesia, Thailand and Philippines)	-	15
- Central and South America (Ecuador, Peru, Guatemala, Colombia and El Salvador)	-	14
- East Asia (Taiwan, China and Hong Kong)	-	5
- South Asia (Sri Lanka, India and Nepal)	-	3
- Others (USA, Fiji, Australia, New Zealand and UK)	-	5
<b>Total</b>	<b>66</b>	<b>95</b>

*Note:*

\* Including sales personnel from Solid Corporation, Twinco and Uni Point.

Both our sales team and distributors are organised to work as a cohesive distribution network to serve all our existing and potential customers in the domestic and overseas markets.

#### 6.5.2 Marketing Activities and Strategies

Our marketing approach and promotion strategies are implemented through various channels which are aimed primarily to promote our brands and introduce our products to potential customers. Our Group is committed to developing effective marketing and promotion strategies that can help to increase the visibility of our product offerings and drive sales.



## 6. BUSINESS OVERVIEW (Cont'd)

Our marketing team is currently led by our Managing Director and Executive Director, Ker Min Choo and Ker Mong Keng respectively, and supported by our 66 regional sales personnel.

The marketing activities initiated by our Group include the following:

### (i) Participation in Trade Shows and Exhibitions

We participate in overseas trade shows and exhibitions as a means of promoting our Group's brands and products to potential customers. Our Group also solicits overseas-based customers from these trade shows and exhibitions. In the past four (4) years, we have received grants from MATRADE to help finance our participations in selected international trade shows and exhibitions. Our Group has also registered with MATRADE for potential participation in the international trade fairs and promotional booths which are coordinated by MATRADE. Amongst the trade shows and exhibitions we took part from 2010 up to the LPD are as follows:

Year	Name of Trade Shows or Exhibitions	Venue
2010	Automechanika Middle East 2010	UAE
	Automechanika Frankfurt 2010	Germany
	Automechanika Shanghai 2010	China
2011	Automec International Trade Fair for Autoparts, Equipment and Services	Brazil
	Automechanika Middle East 2011	UAE
	Automechanika Shanghai 2011	China
2012	The Indonesia International Auto Parts, Accessories and Equip Exhibition and Conference 2012 (INAPA)	Indonesia
	Central Asia Autoparts 2012 (CATEXPO) 6 <sup>th</sup> International Exhibition for Autoparts, Garage Equipment and Petrol Station	Kazakhstan
	Automechanika Middle East 2012	UAE
	Automechanika Frankfurt 2012	Germany
2013	Automechanika Dubai, 2013	Dubai
	ReMaTec 2013 (Exhibition for automotive parts remanufacturing activities)	The Netherlands

Such participations enable our Group to keep abreast with the latest industry development particularly on the competitive landscape which helps to shape our marketing strategies. In addition, these automotive trade shows and exhibitions is another avenue for us to gather valuable feedbacks from our customers and to increase awareness for our brands.

**6. BUSINESS OVERVIEW (Cont'd)**

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**(ii) Personalised services via face-to-face communications**

Our Group places a high priority on satisfying the needs of our customers. We have identified face-to-face communication as a key marketing tool in our effort to offer a more personalised service that can help to address their specific needs effectively and to foster a closer relationship with our customers. We have a team of dedicated marketing personnel to provide personalised services to both our domestic and international customers. We travel regularly across various regions to our customers' site (both local and overseas) to improve our business relationship and to gather their feedbacks pertaining to our products and services.

**(iii) Repacking services under a private label**

Our automotive electrical parts and components manufactured by our contract manufacturers are generally packed under our in-house brands before being distributed locally and re-exported to other destinations. Nevertheless, our Group does provide the flexibility to our overseas-based customers to have the automotive electrical parts and components repacked under their own private labels. These private labels will be subject to checking and verification to prevent any trademark infringements as disclosed in Section 6.2.1 of this Prospectus.

Our Group's marketing strategies are as follows:

- (i) We will continue to enhance the reputation of our in-house brands such as Hansa Parts and  (i.e. KIS) in Malaysia and overseas by ensuring our products provide reliable quality and competitive prices;
- (ii) We will continue to increase our market penetration and market share in our main overseas markets such as Saudi Arabia, UAE, Libya, Ecuador and Indonesia. On our emerging markets in other countries such as Egypt, Brazil, Mexico, Kenya, Nigeria, Sudan, South Africa, Bangladesh, Pakistan and Philippines, we will continue with our market seeding programs to introduce our products and brands and establish footholds in these countries. We will also explore new markets in other countries not presently served by our Group;
- (iii) We have positioned our products as an alternative to OEM products in terms of quality, performance and competitive pricing. We will continue to stress these features in all our markets and maintain strict quality control over our products;
- (iv) We have signed a Trademark Licence Agreement in 2012 with Lucas Ltd for the exclusive use but not the ownership of the Lucas trademark on our automotive electrical parts and components for Malaysia and designated countries in Asia. The Lucas brand is a well known brand which was established in 1872 in the UK. The Lucas product range covers, amongst others, automotive bulbs, batteries, wiper blades, starters and alternators. This will help to enhance our reputation and image in the automotive aftermarket. We have launched these products under the Lucas brand in February 2013 as a third party brand; and
- (v) We also intend to expand our in-house branded product range to include more items from our engine and mechanical parts range for commercial vehicle segment. As our in-house brands are already distributed in Malaysia and overseas, we will capitalise on the market acceptance of our in-house brands to widen our product range.

## 6. BUSINESS OVERVIEW (Cont'd)

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### 6.6 OUR COMPETITIVE STRENGTHS

In order to achieve our vision to be a leading player in the automotive parts and components industry, it is vital for our Group to strengthen and leverage on our key competitive strengths as follows:

#### 6.6.1 Experienced Human Capital

Our Group is led by our Managing Director and our Executive Director, Ker Min Choo and Ker Mong Keng respectively. Both of them have accumulated more than 30 years of experience each in the automotive parts and components industry. Our Group is also supported by a team of dedicated personnel who possess the necessary experience and expertise in the automotive parts and components industry.

Having a management team with such experience and expertise in the automotive parts and components industry is an added advantage for our Group in maintaining the quality of our customer service and the relationship with our customers.


#### 6.6.2 Wide Distribution Network

We have developed a wide distribution network that reaches out to our local customers throughout Malaysia. As at the LPD, in addition to our HQ in Johor and our sales branch in Singapore, we have established seven (7) branches in Malaysia, namely in Perak, Penang, Pahang, Kuala Lumpur, Selangor, Melaka and Sabah to better serve our local customers.

On the other hand, our overseas markets are being served by our distributors in their respective countries, who are overseen by two (2) of our Group Regional Sales Personnel. Our distributors are located in more than 30 countries covering our overseas market as disclosed in Sections 6.1.2(iii) and 6.5.1 of this Prospectus.

#### 6.6.3 A wide range of automotive parts and components and brand selection

We aim to cater to the requirements of our customers by offering a wide range of automotive parts and components. Our automotive parts and components cater to both passenger and commercial vehicle segments. Please refer to Section 6.1.2 (ii) for our major products distributed and/or remanufactured by our Group. As at the LPD, we have a total SKU of more than 7,000 part items for automotive electrical, engine and mechanical parts and components for passenger and commercial vehicles. We also carry more than 100 third party brands such as New-Era, Unipoint, Bosch, OSRAM and Mercedes-Benz as well as 18 in-house brands such as Solid and Hansa Parts under our product portfolio. In February 2013, our Group commenced the sale of automotive electrical parts and components under the Lucas brand which were manufactured by our contract manufacturers.

We are also involved in the remanufacturing of alternators and starters which are packaged under our in-house brand  (i.e. KIS).

#### 6.6.4 Established business relationship with customers

We currently have a large customer base with approximately 2,700 customers from both the local and export markets. As at the LPD, approximately 60.00% of our customers have been with us for more than five (5) years.

## 6. BUSINESS OVERVIEW *(Cont'd)*

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### 6.7 QUALITY CONTROL PROCEDURES

(i) Remanufacturing of automotive alternators and starters

For our remanufacturing of alternators and starters at JBS, we place emphasis on the quality of the remanufactured alternators and starters. Our QC procedures can be divided into the following major sections namely:

(a) Incoming QC

All arriving cores are subject to visual inspection to ensure their suitability for remanufacturing before being accepted by JBS.

(b) In-process QC

During the manufacturing process, quality checks are performed on each sub-component of alternator or starter. Before a sub-component or sub-assembly can proceed to another stage, it needs to meet specific parameters.

(c) Outgoing QC

Quality check is performed on outgoing products to ensure that their specifications are within an acceptable level. All remanufactured alternators and starters are tested and inspected visually before being packed for delivery or warehousing.

(ii) In-house branded products

Visual inspection is performed on incoming products to ensure that the products are acceptable. Periodic review is performed on the test reports submitted by our contract manufacturers to ensure that the products supplied comply with the agreed specifications.

### QMS

JBS obtained the ISO 9001:2008 certification from SGS (Malaysia) Sdn Bhd for the remanufacturing and assembly of alternators and starters in November 2012.

As part of the said ISO requirements, JBS has established a QMS that will enable us to meet our customers' quality requirements. A quality manual has also been prepared and our Management is committed to the execution of the procedures established in the quality manual. The quality manual is reviewed as and when necessary.

### 6.8 RESEARCH AND DEVELOPMENT

Our Group's revenue for the past four (4) FYE 30 April 2010 to 2013 comprises trading and distribution of automotive electrical, engine and mechanical parts and components for our in-house brands and third party branded products as well as the remanufacturing of alternators and starters. Our remanufacturing activities consist of disassembly of cores, cleaning, repair and replacement of the sub-components and reassembly of alternators and starters. As our in-house branded products are manufactured by our contract manufacturers and our remanufacturing activities basically involve the repairing, cleaning and reassembling of alternators and starters as detailed in Section 6.2 of this Prospectus, our Group does not undertake any R&D activities.


## 6. BUSINESS OVERVIEW (Cont'd)

### 6.9 AFTERMARKET PRODUCT IDENTIFICATION

We keep abreast of market requirements by continuously identifying new products to be added to our Group's product range. As such, our Group places a strong emphasis on continuous product identification to cater to the needs of both our existing and potential customers.

#### 6.9.1 Product Launches

Our Group has continuously introduced new in-house branded products as part of our strategies to maintain a wide range of products to serve our customers' requirements. Details of these products can be found in Section 6.1.2(ii) of this Prospectus. Notable products launched under our in-house brands are as follows:

Product	Year of Launching	Brand Names	Targeted Customers
Sealed beam	1993	Hansa Parts	Workshops and wholesalers
Wiper blade	1995	Hansa Parts	Workshops and wholesalers
Remanufactured alternator and starter	2003	 (i.e. KIS)	Workshops and wholesalers
Brake parts for passenger vehicle segment	2005	Hansa Parts and JMK	Workshops, fleet owners and wholesalers
LED light	2007	Hansa Parts	Workshops and wholesalers
Coil spring	2007	Hansa Parts and Solid	Workshops and wholesalers
Distributor	2007	Hansa Parts	Workshops and wholesalers
Ignition coil	2009	Hansa Parts	Workshops and wholesalers
Carburator	2009	Hansa Parts	Workshops and wholesalers
Spark plug	2011	Hansa Parts	Workshops and wholesalers
Fuel pump	2011	Hansa Parts	Workshops and wholesalers

In February 2013, our Group commenced the sale of automotive electrical parts and components under the Lucas brand which were manufactured by our contract manufacturers.

### 6.10 MAJOR CUSTOMERS

We do not have any customers that represent 10.00% or more of our total Group revenue for the last four (4) FYE 30 April 2010 to 2013. As such our Group is not dependent on any of our Group's customers. Please refer to Sections 6.1.2(iii) of this Prospectus for the breakdown of our Group's end customer category.

## 6. BUSINESS OVERVIEW *(Cont'd)*

### 6.11 SUPPLIERS

#### 6.11.1 Types, Sources and Availability of Supplies

The breakdown of the major product types/raw materials purchased by our Group for the FYE 30 April 2013 are as follows:

#### FYE 30 April 2013

Type of Product / Raw Material	Local	Overseas Purchases		Total
	Purchases %	Direct*	Indirect^	
		%	%	%
Trading and distribution of automotive electrical parts and components:				
• In-house brands	7.55	92.45	-	100.00
• Third party brands	24.24	63.12	12.64	100.00
Trading and distribution of engine and mechanical parts and components:				
• In-house brands	-	100.00	-	100.00
• Third party brands	18.94	68.02	13.04	100.00
Remanufacturing of automotive alternators and starters:				
Cores	100.00	-	-	100.00

*Notes:*

\* *Imported directly from overseas distributors/manufacturers, including Japan Parts Service Co Ltd and Unipoint Electric MFG Co Ltd.*

^ *Purchased from locally appointed distributors of the overseas suppliers including Robert Bosch Sdn Bhd, ZF Sales & Services (Malaysia) Sdn Bhd, ZF Asia Pacific Pte Ltd*

#### 6.11.2 Distributorships, contract manufacturing and remanufacturing

##### (i) Distributorship

The distributorships granted to our Group by the suppliers of third party branded automotive parts and components are non-exclusive which are generally non restrictive on the trading of other third party branded products, and there are no formal agreements involved. Notwithstanding that there are no formal agreements involved, our Group has established a long relationship with our suppliers for third party brand names and we expect this relationship to continue in the foreseeable future. As at the LPD, we have a total of 273 suppliers for third party branded automotive parts and components. However, none of these suppliers contributed 10.00% or more of our Group's total purchases for each of the past four (4) FYE 30 April 2010 to 2013.

##### (ii) Contract Manufacturing

All orders placed with our contract manufacturers are on demand basis without any long term contracts. Our Group outsources the manufacturing of our in-house branded automotive electrical parts and components to our contract manufacturers. The deliveries for our orders may take between one and a half (1.5) months and three (3) months for delivery depending on the quantity of orders and the complexity of products.

**6. BUSINESS OVERVIEW (Cont'd)**

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As described in Section 6.2.1 of this Prospectus, our Group has entered into a “supply agreement” with our main contract manufacturers detailing the scope of works required, pricing term, duration, restrictive covenants and indemnity clause. The terms and conditions relating to the products to be manufactured and other terms of the contracts are provided in the purchase orders.

As at the LPD, we have a total of 67 contract manufacturers, of which six (6) of them are Malaysian companies and 61 of them are China-based companies. However, none of these contract manufacturers contributed 10.00% or more of our Group’s total purchases for each of the past four (4) FYE 30 April 2010 to 2013.

**(iii) Remanufacturing**

Cores are the main raw materials used for our remanufacturing operations. All our cores are sourced locally and we do not have any long-term supply agreement with our suppliers. However, none of these suppliers contributed 10.00% or more of our Group’s total purchases for each of the past four (4) FYE 30 April 2010 to 2013.

As at the LPD, our Group is not dependent on any of the suppliers of third party branded products, contract manufacturers and cores suppliers.

**6.11.3 Major Suppliers**

Our Group is not dependent on any suppliers given that none of our suppliers individually contributed 10.00% or more of our total purchases in each of the past four (4) FYE 30 April 2010 to 2013.

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## 6. BUSINESS OVERVIEW (Cont'd)

## 6.12 APPROVALS, LICENCES AND PERMITS

The major licences, permits and registrations of our Group together with the conditions attached and status of compliance are as follows:

Company	Issuing Authority	Issuing Date	Description	Salient Conditions	Validity Period	Status of Compliance
Solid Corporation	Johor Bahru City Council	24.12.2012	Trading Licence and Advertising Permit (for premise located at No. 7, Jalan Dataran 5, Taman Kempas, 81200 Johor Bahru, Johor Darul Takzim)	Nil	01.01.2013 - 31.12.2013	Not Applicable
	Kota Kinabalu City Hall	29.12.2012	Trading Licence (for premise located at Lot 13 & 14, Lorong Durian 3, Kian Yap Light Industrial Estate, Jalan Kolombong, 88450 Kota Kinabalu, Sabah)	Nil	03.11.2012 - 31.12.2013	Not Applicable
	Kota Kinabalu City Hall	29.12.2012	Advertising Permit (for premise located at Lot 13 & 14, Lorong Durian 3, Kian Yap Light Industrial Estate, Jalan Kolombong, 88450 Kota Kinabalu, Sabah)	Nil	01.01.2013 - 31.12.2013	Not Applicable
	Kuala Lumpur City Hall	08.08.2012	Trading Licence (for premise located at 30, Persiaran Segambut Tengah, 51200 Kuala Lumpur)	Nil	01.09.2012 - 31.08.2013	Not Applicable
	Kuala Lumpur City Hall	07.02.2013	Advertising Permit (for premise located at 30, Persiaran Segambut Tengah, 51200 Kuala Lumpur)	Nil	01.03.2013 - 28.02.2014	Not Applicable
	Ipoh City Council	01.01.2013	Trading Licence (as distributor) and Permit for Storage/ Warehouse (for premise located at 10, Laluan Perusahaan Menglembu 6, Kawasan Perusahaan Menglembu, 31450, Menglembu, Perak Darul Ridzuan)	Nil	01.01.2013 - 31.12.2013	Not Applicable
	Ipoh City Council	01.01.2013	Advertising Permit (for premise located at 10, Laluan Perusahaan Menglembu 6, Kawasan Perusahaan Menglembu, 31450, Menglembu, Perak Darul Ridzuan)	Nil	01.01.2013 - 31.12.2013	Not Applicable
	Kuantan City Council	31.12.2012	Trading Licence, Advertising Permit and Temporary Building Permit (for premise located at Lot 4740, Jalan Wong Ah Jang, 25100 Kuantan, Pahang Darul Makmur)	Nil	01.01.2013 - 31.12.2013	Not Applicable



## 6. BUSINESS OVERVIEW (Cont'd)

Company	Issuing Authority	Issuing Date	Description	Salient Conditions	Validity Period	Status of Compliance
	Kuantan City Council	27.08.2012	Trading Licence and Advertising Permit (for premise located at A249, Tingkat Bawah, Jalan Wong Ah Jang, 25100, Kuantan, Pahang Darul Makmur)	Approval from the Building Division of Kuantan City Council and the Fire and Rescue Department must be obtained for any alteration constructed on the building.	27.08.2012 - 27.08.2013	Noted
	Melaka City Council	21.12.2012	Trading Licence and Advertising Permit (for premise located at G4, 5, 6 & 7, Blok B4, Jalan Rahmat 3, Taman Malim Jaya, 75250 Melaka)	Nil	31.12.2012 - 31.12.2013	Not Applicable
	Seremban Perai City Council	26.11.2012	Trading Licence (for premise located at No. 3 & 5, Lorong Limbungan Indah 1, Taman Limbungan Indah, 12100 Butterworth, Pulau Pinang)	Nil	26.11.2012 - 29.11.2013	Not Applicable
	Klang City Council	20.12.2012	Trading Licence and Advertising Permit (for premise located at No. 29, Jalan Jelai 10/KS1, Taman Teluk Gadong Besar, 41200 Port Klang, Selangor Darul Ehsan)	Nil	20.12.2012 - 31.12.2013	Not Applicable
	Energy Commission	19.06.2012	Registration Certificate for the installation of generating set pursuant to s. 21 of the Electricity Supply Act 1990	Nil	19.06.2012 - 18.06.2014	Not Applicable
Twincó	Johor Bahru City Council	24.12.2012	Trading Licence and Advertising Permit (for premise located at 5, Jalan Dataran 5, Taman Kempas, 81200, Johor Bahru, Johor Darul Takzim)	Nil	01.01.2013 - 31.12.2013	Not Applicable
JBS <sup>#</sup>	Johor Bahru City Council	02.01.2013	Trading Licence and Advertising permit (for premise located at No. 17, Jalan Kukuh, Kawasan Perindustrian Larkin, 80350 Johor Bahru, Johor Darul Takzim)	Nil	01.01.2013 - 31.12.2013	Not Applicable
	Johor Bahru South District Police of Royal Malaysia Police	01.01.2013	Licence to trade used automotive parts and components at No. 17, Jalan Kukuh, Kawasan Perindustrian Tampoi, 81200, Johor Bahru, Johor Darul Takzim	Nil	01.01.2013 - 31.12.2013	-

6. BUSINESS OVERVIEW (Cont'd)

Company	Issuing Authority	Issuing Date	Description	Salient Conditions	Validity Period	Status of Compliance
	Ministry of Home Affairs	25.06.2012	Approval of Foreign Workers – "Perakuan Kelulusan Program Pemutihan (6P)"	11 Foreign workers (9 Bangladeshi and 2 Nepalese) named are approved for the Program Pemutihan with JBS having to pay a total levy of RM13,750.00. The payment was made on 5 July 2012.	One time registration	Complied
	Department of Occupational Safety and Health (Johor Bahru)	21.01.2013	Certificate of fitness for the oil separator tank pursuant to Regulation 10(2) of the Factories and Machinery (Notification, Certificate of Fitness and Inspectors) Regulations, 1970	Nil	21.01.2013 – 26.02.2014	-

Note:  
#








As at the LPD, JBS is not required to obtain a manufacturing licence as the company's shareholders' funds is less than RM2.5 million and it does not employ more than 75 full time employees. The company has on 16 April 2012 filed an application to the Malaysian Investment Development Authority ("MIDA") to obtain a confirmation letter that it is exempted from manufacturing licence and MIDA has by way of letter dated 17 August 2012 acknowledged the application made by the company and informed that pursuant to "Perintah Penyelidikan Pendaftaran (Pengecualian) (Pindaan) 1986 P.U. (A) 456/86" dated 27 November 1986, the company is exempted.

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## 6. BUSINESS OVERVIEW (Cont'd)

## 6.13 TRADEMARKS








As at the LPD, save as disclose below, our Group has no other registered intellectual property rights:

Trademark	Registrant/Company	Class No.*	Registration/ Application No.	Place of Registration/ Application	Validity Period
O.H.K. 	Solid Corporation	12	2010020231	Malaysia	25.10.2010 – 25.10.2020
OBK 	Solid Corporation	12	2010020232	Malaysia	25.10.2010 - 25.10.2020
TOSHI 	Solid Corporation	7	2010006774	Malaysia	16.04.2010 - 16.04.2020
HATEC 	Solid Corporation	7	2010011263	Malaysia	24.06.2010 – 24.06.2020
ZENEX 	Solid Corporation	12	2010011262	Malaysia	24.06.2010 – 24.06.2020
JPN INTERNATIONAL 	Solid Corporation	12	09022880	Malaysia	29.12.2009 – 29.12.2019
HKT 	Solid Corporation	9	05012837	Malaysia	02.08.2005 – 02.08.2015

## 6. BUSINESS OVERVIEW (Cont'd)

Trademark	Registrant/Company	Class No.*	Registration/ Application No.	Place of Registration/ Application	Validity Period
SAR	Solid Corporation	11	09014087	Malaysia	19.08.2009 – 19.08.2019
					
JMK	Solid Corporation	12	09014088	Malaysia	19.08.2009 – 19.08.2019
					
HANSA PARTS	Solid Corporation	9	96012773	Malaysia	21.10.1996 – 21.10.2023
					
HANSA PARTS	Solid Corporation	11	96012771	Malaysia	21.10.1996 – 21.10.2023
					
HANSA PARTS	Solid Corporation	7	1214/25	Saudi Arabia	30.12.2009 – 09.09.2019
					
SOLID	Solid Corporation	1	90007344	Malaysia	13.11.1990 – 13.11.2017
	Solid Corporation	4	90007342	Malaysia	13.11.1990 – 13.11.2021
	Solid Corporation	7	90007432	Malaysia	15.11.1990 – 15.11.2017
	Solid Corporation	9	90007343	Malaysia	13.11.1990 – 13.11.2017
	Solid Corporation	11	90007341	Malaysia	13.11.1990 – 13.11.2017
	Solid Corporation	12	90007345	Malaysia	13.11.1990 – 13.11.2021
	Solid Corporation	9	05012836	Malaysia	02.08.2005 – 02.08.2015
力美 					
ANJIE	Solid Corporation	7	2011002934	Malaysia	17.02.2011 – 17.02.2021
					

## 6. BUSINESS OVERVIEW (Cont'd)



Trademark	Registrant/Company	Class No.*	Registration/ Application No.	Place of Registration/ Application	Validity Period
JPC 	Solid Corporation	7	2010020233	Malaysia	25.10.2010 - 25.10.2020
(KIS/Round Device with Star)* 	Twinco	7	96014017	Malaysia	20.11.1996 - 20.11.2013
ORME 	Twinco	7	96014025	Malaysia	20.11.1996 - 20.11.2023
ORME 	Twinco	6	2011021730	Malaysia	09.12.2011 - 09.12.2021
ORME 	Twinco	12	2011021731	Malaysia	09.12.2011 - 09.12.2021
HERI 	Solid Corporation	12	2011002935	Malaysia	17.02.2011 - 17.02.2021
IKI 	Tampoi Auto Supply Sdn Bhd (Assigned to Solid Corporation)^	11	01011485	Malaysia	29.08.2001 - 29.08.2021

^ By virtue of Assignment Agreement dated 3 May 2012 between Solid Corporation and Tampoi Auto Supply Sdn Bhd for the consideration sum of RM2,022,500, Tampoi Auto Supply Sdn Bhd as the proprietor and beneficial owner of the trade mark has assigned and transferred all the property, rights, title and interest in and to the trade mark, including all statutory and common law right attaching thereto and right to sue for the past infringements and to retain the proceeds relating to those infringements, to Solid Corporation absolutely. Shearn Delamore & Co (acting as the trademark agent in charge of this assignment, hereinafter "the Trademark Agent") has on 11 May 2012 filed the necessary forms with the Trademark Attorneys in Malaysia. However, as at the LPD, Solid Corporation has yet to receive the letter of confirmation issued by the Registrar. As informed by the Trademark Agent, it usually takes about one to two years for the letter of confirmation to be issued.



\* As the validity period of the trademark will be expiring on 20 November 2013, Twinco had on 27 May 2013 instructed the trademark solicitor to proceed with the renewal of the trademark.

## 6. BUSINESS OVERVIEW (Cont'd)






As at the LPD, we have the following trademarks submitted for registration:

Trademark	Registrant/Company	Class No.*	Registration/ Application No.	Place of Registration/ Application	Registrar's Remarks
HANSA PARTS 	Solid Corporation	7	09018725	Malaysia	Accepted by Registrar on condition that registration of this mark shall give no right to the exclusive use of the word "Parts".  Pre-publication requirements complied on 31 May 2013.  Currently awaiting for publication in the Government gazette.
HANSA PARTS 	Solid Corporation	12	96012772	Malaysia	Objection maintained  Objection maintained by Registrar due to cited mark 96000854, <b>HANSA</b> , in Class 12 filed in the name of Sun Yuen Rubber Manufacturing Co. Sdn Bhd ("Sun Yuen").  The Registrar has on 15 April 2013 allowed the registration of no. 96000854 filed by Sun Yuen and dismissed the application filed by Solid Corporation to oppose Sun Yuen's application ("Decision").  Solid Corporation has filed an appeal against the Registrar (as First Defendant) and Sun Yuen (as Second Defendant) ("Appeal").  A striking-out application was served by the First Defendant on 27 June 2013. Solid Corporation has subsequently filed its affidavit-in-reply on 12 July 2013.

## 6. BUSINESS OVERVIEW (Cont'd)

Trademark	Registrant/Company	Class No.*	Registration/ Application No.	Place of Registration/ Application	Registrar's Remarks
	Solid Corporation	7	2011017076	Malaysia	<p>Full examination not OK – Appeal</p> <p>Objected by Registrar. Submission filed on 23 May 2012. First reminder sent on 29 November 2012 and second reminder on 30 May 2013.</p> <p>Pending Registrar's decision.</p>
ORME 	Twingo	7	2012000472	Malaysia	<p>Accepted by Registrar. List of goods different from Class 7 application filed previously.</p> <p>Registrar issued official action to</p> <p>i) remove item 'surgical pump', and;</p> <p>ii) synchronise addresses of applicant for this trademark and prior mark (96014025).</p> <p>Pre-publication requirements complied on 31 May 2013.</p> <p>Currently awaiting for publication in the Government gazette.</p>

## 6. BUSINESS OVERVIEW (Cont'd)

Trademark	Registrant/Company	Class No.*	Registration/ Application No.	Place of Registration/ Application	Registrar's Remarks
HANSA PARTS 	Solid Corporation	12	182824	Saudi Arabia	Accepted by Registrar and published in the Government gazette with opposition period ended on 6 April 2013. Currently awaiting issuance of Registration Certificate.
KX 	Twingo	6	2011014791	Malaysia	Accepted by Registrar. Appeal against disclaimer filed on 14 June 2012. Reminder sent on 1 March 2013. Pending Registrar's decision.
MANDY 	Auto Empire	6	2012015613	Malaysia	Pre-publication requirements complied on 16 May 2013. Published in the Government gazette on 11 July 2013.
MANDY 	Auto Empire	7	2012015612	Malaysia	Pre-publication requirements complied on 16 May 2013. Pending publication in the Government gazette.
MANDY 	Auto Empire	12	2012015611	Malaysia	Pre-publication requirements complied on 16 May 2013. Published in the Government gazette on 11 July 2013.

Note:  
\*

Descriptions on the class headings of trademark are as follows:

Class	Description
1	Chemicals used in industry, science and photography, as well as in agriculture, horticulture and forestry; unprocessed artificial resins; unprocessed plastics; manures; fire extinguishing compositions; tempering and soldering preparations; chemical substances for preserving foodstuffs; tanning substances; adhesives used in industry
4	Industrial oils and greases; lubricants; dust absorbing, wetting and binding compositions; fuels (including motor spirit) and illuminants; candles and wicks for lighting



6. BUSINESS OVERVIEW (Cont'd)

Class	Description
6	Common metals and their alloys; metal building materials, transportable buildings of metal; materials of metal for railway tracks; non-electric cables and wires of common metal; ironmongery, small items of metal hardware; pipes and tubes of metal; safes; goods of common metal not included in other classes; ores
7	Machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); agricultural implements other than hand-operated; incubators for eggs
9	Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; automatic vending machines and mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment and computers; fire-extinguishing apparatus
11	Apparatus for lighting, heating, steam generating, cooling, refrigerating, drying, ventilating, water supply and sanitary purposes
12	Vehicles; apparatus for locomotion by land, air or water

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**6. BUSINESS OVERVIEW (Cont'd)**

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**6.14 DEPENDENCY ON INTELLECTUAL PROPERTY RIGHTS, LICENCES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS**

**6.14.1 Dependency on Intellectual Property Rights**

Save for the trademarks disclosed in Section 6.13 of this Prospectus, our Group is not dependent on any other intellectual property rights for our business operations.

**6.14.2 Dependency on Major Licences**

Save for the licences disclosed in Section 6.12 of this Prospectus, our Group is not dependent on any other major licences.

**6.14.3 Dependency on Industrial, Commercial and Financial Contracts**

There are no material agreements or contracts including industrial, commercial and financial contracts, which are material to our business or profitability.

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6. BUSINESS OVERVIEW (Cont'd)

6.15 PROPERTY, PLANT AND EQUIPMENT

6.15.1 Own Properties

As at the LPD, we own the following properties as set out below:

Registered Owner	Title/Address	Description and Existing Use	Tenure	Encumbrances	Category of Land Use	Express Condition/Restriction in Interest	Approximate Land Area sq. ft.	Approximate Built-Up Area sq. ft.	Audited NBV as at 30 April 2013 RM'000	Date of Certificate of Fitness for Occupation ("CFO")
Solid Corporation	H.S(D) 160852, PTD 28180 Mukim of Tebrau District of Johor Bahru State of Johor / No. 5, Jalan Dataran 5 Taman Kempas 81200 Johor Bahru Johor Darul Takzim	Single storey detached factory with an annexed double storey office. Used as: (i) Ground floor (front) of the double storey office is used as Twinco's office; (ii) First floor of the double storey office is used as Solid Corporation's and JBS's office; and (iii) Ground floor (back) of the double storey office and single storey detached factory are used as Solid Corporation's and Twinco's warehouse.	Freehold	Charged to Ambank (M) Berhad via presentation number 52804/2009 on 24.07.2009	Industrial	(i) This land shall be used for factory for the purpose of light industry and other usage or purposes connected thereto, build in accordance to plans approved by relevant local authority.  (ii) All wastage / litter and contamination / toxic waste emitted from the activities abovementioned shall be disposed to / passed to places as fixed / arranged by the relevant state authority.	43,559.00	41,360.00	2,591	1992

6. BUSINESS OVERVIEW (Cont'd)

Registered Owner	Title/Address	Description and Existing Use	Tenure	Encumbrances	Category of Land Use	Express Condition/Restriction in Interest	Approximate Land Area sq. ft.	Approximate Built-Up Area sq. ft.	Audited NBY as at	Date of Certificate of Fitness for Occupation ("CFO")
						(iii) All terms and conditions imposed and enforced by the relevant local authority from time to time must be complied with.			30 April 2013	RM'000
<p><u>Restrictions in Interest</u></p> <p>1. This land shall not be transferred in any event via any means unless the construction of the factory mentioned at item (i) above has commenced in accordance to the plans as approved by the relevant local authority.</p> <p>2. Once this land has been transferred to the ownership of a Bumiputera, it shall not be sold, charged or transferred to non-Bumiputera by any means, without the consent of the State Authority.</p>										

6. BUSINESS OVERVIEW (Cont'd)

Registered Owner	Title/Address	Description and Existing Use	Tenure	Encumbrances	Category of Land Use	Express Condition/Restriction in Interest	Approximate Land Area sq. ft.	Approximate Built-Up Area sq. ft.	Audited NBV as at 30 April 2013 RM'000	Date of Certificate of Fitness for Occupation ("CFO")
Solid Corporation	H.S.(D) 160851, PTD 28179 Mukim of Tebrau District of Johor Bahru	Single storey detached factory with an annexed double storey office. Used as:	Freehold	Charged to Hong Leong Bank Berhad via presentation number 89298/2004 and 89299/2004 on 16.12.2004 #	Industrial	<u>Express Conditions</u> (i) this land shall be used for Factory for the purpose of light industry and other usage or purposes connected thereto, build in accordance to plans approved by relevant local authority.  (ii) all wastage / litter and contamination / toxic waste emitted from the activities abovementioned shall be disposed to / channelled to places as fixed / arranged by the relevant local authority.  (iii) All terms and conditions imposed and enforced by the relevant local authority from time to time must be complied with.	43,560.00	23,025.00	4,279	31.10.1994
	State of Johor / No. 7, Jalan Dataran 5, Taman Kempas, 81200 Johor Bahru, Johor Darul Takzim **	(i) Single storey factory building is used as Solid Corporation's warehouse;  (ii) Ground floor of the double storey office is used as Uni Point's office; and  (iii) First floor of the double storey office is used as Solid Corporation's office.								
						<u>Restrictions in Interest</u>  Once this land has been transferred to the ownership of a Bumiputera, it shall not				

6. BUSINESS OVERVIEW (Cont'd)

Registered Owner	Title/Address	Description and Existing Use	Tenure	Encumbrances	Category of Land Use	Express Condition/Restriction in Interest	Approximate Land Area sq. ft.	Approximate Built-Up Area sq. ft.	Audited NBV as at 30 April 2013 RM'000	Date of Certificate of Fitness for Occupation ("CFO")
Solid Corporation	H.S.(D) 11901, PTB 4970 Bandar of Johor Bahru, District of Johor Bahru, State of Johor / No. 17, Jalan Kuku Off Jalan Tampoi, Kawasan Perusahaan Tampoi, Larkin 80350 Johor Bahru, Johor Darul Takzim	(i) Double storey detached factory with basement is used as office, factory and warehouse of JBS <sup>(1)</sup> , and  (ii) Vacant land at rear of property with temporary structure <sup>(1)</sup>	60 years leasehold expiring on 06.10.2034	Registered lease in favour of Lembaga Letrik Negara, Tanah Melayu via presentation number 18674/1988 on 25.07.1988 for 30 years from 01.08.1983 to 31.07.2013 for all that part of the land measuring approximately 375 sq. ft. together with the substation building <sup>2</sup>	Industrial	be sold, charged or transferred to non-Bumiputera by any means, without the consent of the State Authority.  <u>Express Conditions</u> (i) This land must be used as area of heavy industry for manufacturing of stationary and other utilisation connected thereto <sup>(1)</sup> , build in accordance to the plans approved by local authority.  (ii) All effluence/wastage and pollution / contamination produced as a result of the activities above mentioned shall be channelled / disposed of to places as fixed / arranged by the relevant local authority.  (iii) All terms and conditions imposed and enforced by the relevant local authority from time to time must be complied with.	115,432.16 (1.0724 hectare)	43,527.00	1, 883	30.08.1984

6. BUSINESS OVERVIEW (Cont'd)

Registered Owner	Title/Address	Description and Existing Use	Tenure	Encumbrances	Category of Land Use	Express Condition/Restriction in Interest	Approximate Land Area sq. ft.	Approximate Built-Up Area sq. ft.	Audited NBV as at 30 April 2013 RM'000	Date of Certificate of Fitness for Occupation ("CFO")
Solid Corporation	PN 30973, Lot 16493 Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan/ No. 30, Persiaran Segambut Tengah 51200 Kuala Lumpur	A single storey detached factory with an annexed double storey office.  Used as:  (i) Single storey factory is used as warehouse of Solid Corporation's Kuala Lumpur branch office; and  (ii) Double storey office is used as office of Solid Corporation's Kuala Lumpur branch office.	99 years leasehold expiring on 16.06.2067	(i) charged to Hong Leong Islamic Bank Berhad via presentation number 27703/2004 and 27704/2004 on 20.12.2004*	Industrial	<u>Express Conditions</u>  1. The lessee shall within two years from the date of issue of this title or within such further term as may be approved by the State Authority build upon the land hereby leased factories/ workshops and building appurtenant thereto not being dwelling house for artisans of a type and to a plan to be approved by the Commissioner of the Federal Capital, Kuala Lumpur and the said land shall not except with the consent of the State Authority be used for any other purpose.	11,197.63	6,068.00	1,439	08.06.1974
<p><u>Restrictions in Interest</u></p> <p>This land shall not, be sold, charged, leased or transferred in any event via any means including by way of agreement for the purpose of disposal/ trading this land, without the approval from the relevant state authority.</p>										

6. BUSINESS OVERVIEW (Cont'd)

Registered Owner	Title/Address	Description and Existing Use	Tenure	Encumbrances	Category of Land Use	Express Condition/Restriction in Interest	Approximate Land Area sq. ft.	Approximate Built-Up Area sq. ft.	Audited NBY as at	Date of Certificate of Fitness for Occupation ("CFO")
						<p>2. The lessee shall not use or permit the use of any building erected on the land for any purpose other than that stated in (i) above.</p> <p>3. The lessee shall pay and discharge all taxes, rates, assessments and charges whatsoever which may be payable for the time being in respect of the land hereby leased or any part thereof or any building thereon whether levied by the Municipality or any other authority.</p> <p>4. Except in jobs which require special knowledge or qualification for which any one may be engaged, the lessee shall ensure that 25% of the employees engaged in the business for which the land is hereby leased shall be Malays and the rest of Federal Citizens.</p>			30 April 2013	RM'000



6. BUSINESS OVERVIEW (Cont'd)

Registered Owner	Title/Address	Description and Existing Use	Tenure	Encumbrances	Category of Land Use	Express Condition/Restriction in Interest	Approximate Land Area sq. ft.	Approximate Built-Up Area sq. ft.	Audited NBY as at 30 April 2013 RM'000	Date of Certificate of Fitness for Occupation ("CFO")
Solid Corporation	PN 197652, Lot 318007 Mukim of Hulu Kinta, District of Kinta, State of Perak / No. 10, Laluan Perusahaan Menglembu 6, Kawasan Perusahaan Menglembu, 31450 Menglembu Perak Darul Ridzuan <sup>p</sup>	A single storey semi-detached factory with an annexed double storey office. Used as:  (i) Single storey factory building is used as warehouse for Solid Corporation's Ipoh branch office; and  (ii) Ground and first floor of double storey office are used as office of Solid Corporation's Ipoh branch office.	99 years leasehold expiring on 18.06.2098	(i) Remission registered via presentation number 1439/2010 on 28.05.2010 (ii) Remission registered via presentation number 1840/2012 on 5 May 2012	Industrial	5. No buildings or other structures shall be permitted within 66 feet of the existing banks of Sungai Batu until such time the proposed "River Diversion is completed."  <u>Restrictions in Interest</u>  Express Conditions Industrial  <u>Restrictions in Interest</u> This land can be transferred or charged / leased provided written consent from State Authority Perak is obtained. This restriction shall not apply so long as this land is owned by Perbadanan Kemajuan Negeri Perak.	7,201.06	5,400	297	17.08.2005

6. BUSINESS OVERVIEW (Cont'd)

Registered Owner	Title/Address	Description and Existing Use	Tenure	Encumbrances	Category of Land Use	Express Condition/Restriction in Interest	Approximate Land Area sq. ft.	Approximate Built-Up Area sq. ft.	Audited NBV as at 30 April 2013 RM'000	Date of Certificate of Fitness for Occupation ("CFO")
Solid Corporation	GM 3636, Lot 4740 Place of Payar Makbar, Mukim of Kuala Kuantan, District of Kuantan State of Pahang / Lot 4740, Jalan Wong Ah Jang, 25100 Kuantan Pahang Darul Makmur^^	Single storey building with three (3) split level platforms. As at LPD, the property was used as follows: (i) Ground floor (front) as Solid Corporation's Kuantan branch office; and (ii) Ground floor (back), first, second and third split level floors as warehouse for Solid Corporation's Kuantan branch office.	Freehold	Nil	Agriculture	<u>Express Conditions</u> This land shall only be used for paddy and coconut cultivation/ plantation. <u>Restrictions in Interest</u>	6,264.60	7,470.00	732	-
Solid Corporation	H.S.M 72578, PT 104549 Place of Payar Makbar, Mukim of Kuala Kuantan, District of Kuantan State of Pahang / A249, Jalan Wong Ah Jang, 25100 Kuantan Pahang Darul Makmur	Three (3)-storey intermediate terrace shop office. As at the LPD, the property was under renovation and earmarked for use as follows: (i) Ground floor (front) as Solid Corporation's Kuantan branch office; and	Freehold	Nil	Building	<u>Express Conditions</u> This land shall only be used for commercial / trading building. <u>Restrictions in Interest</u>	1,345.49	3,886.53	813	06.12.2011 (Form F)

6. BUSINESS OVERVIEW (Cont'd)

Registered Owner	Title/Address	Description and Existing Use	Tenure	Encumbrances	Category of Land Use	Express Condition/Restriction in Interest	Approximate Land Area sq. ft.	Approximate Built-Up Area sq. ft.	Audited NBV as at 30 April 2013 RM'000	Date of Certificate of Fitness for Occupation ("CFO")
		(ii) Ground floor (back), first and second floors as warehouse for Solid Corporation's Kuantan branch office.								
Solid Corporation	PM 3775/M1/1/1 (Lot 4360), PM3776/M1/1/1 (Lot 4361), PM3777/M1/1/1 (Lot 4362) & PM3778/M1/1/1 (Lot 4363), Bangunan M1, Tingkat 1, Petak 1, Mukim of Bachang Distrit of Melaka Tengah State of Melaka / G4, G5, G6 & G7, Blok B4 Jln Rahmat 3 Taman Malim Jaya 75250 Melaka	Four (4) adjoining units of commercial shop lot located on ground floor of a block of three (3)- storey shop offices (with individual strata titles for each floor) / Used as:	99 years leasehold expiring on 12.04.2081	Charged to Public Bank Berhad via presentation number 1707/2009 and 1710/2009 respectively	Building	Express Conditions: Limited to building for trading.  Restrictions in Interest: This land shall not be transferred or leased unless consent from State Authority is obtained.	N/A	1,206.00 each	709	16.10.2000
		(i) Front portion of PM3777/M1/1/1 (Lot 4362) is used as Solid Corporation's Melaka branch office; and								
		(ii) Back portion of PM3777/M1/1/1 (Lot 4362), all of PM 3775/M1/1/1 (Lot 4360),								

6. BUSINESS OVERVIEW (Cont'd)

Registered Owner	Title/Address	Description and Existing Use	Tenure	Encumbrances	Category of Land Use	Express Condition/Restriction in Interest	Approximate Land Area sq. ft.	Approximate Built-Up Area sq. ft.	Audited NBV as at 30 April 2013 RM'000	Date of Certificate of Fitness for Occupation ("CFO")
		PM3776/M1/1/1 (Lot 4361) and PM3778/M1/1/1 (Lot 4363) are used as warehouse for Solid Corporation's Melaka branch	Freehold	Nil	Nil	<u>Express Conditions</u> This land shall be used only for the commercial / trading purposes.  <u>Restrictions in Interest</u> -	1,432.00 each unit respectively	3,894.00 each unit respectively	1,690	26.02.2011 (Form F)
Solid Corporation	H.S.(D) 27733 & 27734, PT 533 & 534 Seksyen 4 Bandar Butterworth District of Seberang Perai Utara, State of Pulau Pinang / No.3 & 5 Lorong Limbangan Indah 1 Taman Limbungan Indah 12100 Butterworth Pulau Pinang	Two (2) units of three (3)-storey intermediate shop offices / Used as:  (i) Ground floor of No.5 (front) is used as Solid Corporation's Butterworth branch office; and  (ii) Ground floor of No. 5 (back), first and second floor of No 5 as well as the entire No.3 are used as warehouse for Solid Corporation's Butterworth branch office.	Freehold	Nil	Nil	<u>Express Conditions</u> This land shall be used only for the commercial / trading purposes.  <u>Restrictions in Interest</u> -	1,432.00 each unit respectively	3,894.00 each unit respectively	1,690	26.02.2011 (Form F)

6. BUSINESS OVERVIEW (Cont'd)

Registered Owner	Title/Address	Description and Existing Use	Tenure	Encumbrances	Category of Land Use	Express Condition/Restriction in Interest	Approximate Land Area sq. ft.	Approximate Built-Up Area sq. ft.	Audited NBV as at 30 April 2013 RM'000	Date of Certificate of Fitness for Occupation ("CFO")
Solid Corporation	H.S.(M) 44365, PT 3663 (29, 29A, 29B) Place of Telok Gadong Besar Bandar of Klang District of Klang State of Selangor / No 29, Jalan Jelai 10/KS1 Taman Teluk Gadong Besar 41200 Port Klang	Three (3)-storey intermediate terrace shop office/ Used as:  (i) Ground floor (front) is used as Solid Corporation's Klang branch office; and  (ii) Ground floor (back), first and second floor are used as warehouse for Solid Corporation's Klang branch office.	Freehold	Nil	Building	Express Conditions This land shall be used only for the commercial / trading purposes.  <u>Restrictions in Interest</u>	1,603.82	4,750.00	778	10.12.2009 (Form F)

In addition to the above, Solid Corporation had on 29 November 2012 entered into a sale and purchase agreement to acquire an open-side single storey detached warehouse with integral office building located at No. 28, Persiaran Segambut Tengah, 51200 Kuala Lumpur. Details of the sale and purchase agreement is disclosed in Section 16.3(xi) of this Prospectus. As at the LPD, the sale and purchase agreement is pending completion.

Notes:

(1) The express conditions of the land is that it shall only be used as heavy industrial for manufacturing of stationery and other related usage. On 9 July 2012 Solid Corporation has submitted an application to Land Office of Johor Bahru for the change of express condition from "heavy industry for manufacturing of stationery" to "heavy industry for warehouse, manufacturing of automotive spare parts and workers quarters". In view of the fact that the existing leasehold period of the said land will be expiring on 6 October 2034 (i.e. within the next 21 years), Solid had on 10 June 2013 submitted an application to the said Land Office for the extension of the leasehold period to 99 years (i.e. to expire in 2073). The approval process for the change of express conditions, including the extension of the leasehold period, is expected to take up to 10 months from the date of the last application submission to complete (i.e. from 10 June 2013).

# The property was charged by Tampoi Auto Supply Sdn Bhd, being the previous registered owner of the property, as security for bank facilities granted by Hong Leong Bank Berhad in 2004 to Solid Corporation. Subsequently, the property was acquired by Solid Corporation from Tampoi Auto Supply Sdn Bhd.

## 6. BUSINESS OVERVIEW (Cont'd)

\* The property was charged by Tampoi Enterprise Sdn Bhd, being the previous registered owner of the property, as security for bank facilities granted by Hong Leong Islamic Bank Berhad in 2004 to Solid Corporation. Subsequently, the property was acquired by Solid Corporation from Tampoi Enterprise Sdn Bhd.

^ We have obtained CFO for the property in 1992. However, the exact month of issuance of the CFO is not legible.

\*\* Prior to the acquisition of these properties by our Group, both properties had an existing roof extension which connected the two (2) properties and there were no provision of setback at the rear of the building. However, the said extension is currently not within the building plans of the respective property. Our Group had engaged a licensed land surveyor to advise and submit an application to the land office on behalf of Solid for the amalgamation of both properties into a single lot. The said application have been submitted in October 2012 and the amalgamation process is expected to take up to 18 months to complete. Upon completion of the land amalgamation process, we will submit a revised building plan to the Majlis Bandaraya Johor Bahru ("MBJB") to regularise the roof extension, which is expected to take up to six (6) months. In the event our Group is unable to amalgamate both properties, our Group will dismantle the said roof extension.

With regard to the extension at the setback area of the property, our Group is expected to comply with the uniform building by-laws and related regulations on the setback requirement by February 2014. Our Group is in the midst of identifying a suitable warehouse in the vicinity of our existing warehouse and head office.

^^ Pursuant to a letter dated 28 December 2009 from the Kuantan City Council to Solid Corporation, a temporary building permit which is renewable yearly up to a maximum period of five (5) years from December 2009 to 2014 has been granted in accordance to Section 115(4)(g) of the National Land Code 1965. This temporary building permit has been renewed for year 2013. In view that the category of land use provided in the issue document of title is "agriculture", our Group had on 30 January 2013 submitted an application to change the category of land use from "agriculture" to "building". Kuantan City Council had on 8 March 2013 notified our Group that the application can only be considered subject to our Group addressing certain requirements, amongst others, on the setback requirement, obtaining consent from the neighbouring property/land owner on the proposed conversion and development of Lot 4740 from agriculture to commercial as well as the requirements set by the relevant technical department of the local council by 25 March 2013. As our Group is unable to fulfill the conditions imposed within the stipulated timeline, our Group had enquired from the Kuantan City Council for an extension of time. However, the Kuantan City Council had indicated that the extension of time could not be granted. On 19 April 2013, the Kuantan City Council had issued a letter informing its decision to close file (i.e. application in relation to land conversion) as our Group could not submit/meet the conditions within the timeframe given. However, the Kuantan City Council had indicated that our Group can resubmit a new application to them after addressing the conditions/requirements as set out in its letter dated 8 March 2013. In this regard, our Group had on 31 July 2013 instructed the appointed land surveyor and consultant to prepare a new application for the city council's consideration. Solid expects to take up to nine (9) months to meet the conditions stipulated and the application is expected to take a further 1.5 months for the city council's approval.

Upon obtaining the approval, our Group intends to demolish the building and rebuild it into a four (4) storey shop office.

Notwithstanding the above, our Group has on 26 July 2013 relocated the office and warehouse of Kuantan branch which is owned by Solid Corporation i.e. No. A249, Jalan Wong Ah Jang, 25100 Kuantan, Pahang. In the event the approval is not obtained, the said Lot 4740 will be left vacant and as it is i.e. for agricultural use and Solid Corporation's Kuantan branch will then continue to operate from the said property No A249. As the Group is no longer occupying the said Lot 4740 for its business operation, therefore the previous non-compliance with the usage of the land is no longer applicable.

δ No building plan were available when the property was acquired in 2009 and there is a temporary structure on the vacant land at the back of factory. There is also a sub-basement building extension at the back of the factory which is currently used as production and materials store area for JBS, which was not in the description of the property in the CFO.

Solid has appointed a building consultancy firm to prepare and draw up a fresh set of building plan for submission to MBJB and other relevant authorities. MBJB is expected to take a further three (3) to four (4) months to approve the said building plans. With regards to the temporary structure on the vacant land at the back of factory, the appointed building consultancy firm will apply for a temporary building permit from MBJB. If the application is not approved by MBJB, Solid will remove the said structures. For the sub-basement extension, in the event Solid is unable to obtain approval from MBJB, Solid will dismantle the existing extension and apply to build a new building extension for the production and materials store area. During the construction stage, JBS will move its production and materials store area to the vacant ground floor of the main building. The draft building plan incorporating the sub-basement and the temporary structure was submitted to MBJB on 11 July 2013 for their preliminary review and comments.

β No building plan was available when the property was acquired in May 2004. However, the building plan is provided in the sale and purchase agreement for the purchase of the said property. There was a building extension at the side and rear of the building which was not within the building plans. Solid has on 31 July 2013 removed the building extension.

6. BUSINESS OVERVIEW (Cont'd)

∞ No building plan was available when the property was acquired in May 2008. Solid has appointed an interior design and consultancy firm to liaise and coordinate with a registered draughtsman to prepare and draw up a fresh set of building plan for submission to Dewan Bandaraya Kuala Lumpur ("DBKL"). DBKL is expected to take a further three (3) months to approve the said building plan. The draft building plan was submitted to DBKL on 5 July 2013 for review and comments.

& We are in the midst of negotiating with TNB for the renewal of the lease. In any event, the expiry of the lease will not have any significant impact to the operations of the Group.

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## 6. BUSINESS OVERVIEW (Cont'd)

## 6.15.2 Rented Properties

We are currently renting the following properties in which our Group operates in, details of which are as follows:

Tenant	Landlord	Address	Description and Existing Use	Rental Period	Annual Rental RM	Built-Up Area sq. ft.
Solid Corporation	JP Logistics Sdn Bhd	JPL 1 Jalan Wisma Kontena Johor Port Berhad 81750 Pasir Gudang Johor Darul Takzim	Double storey detached warehouse. Our Group is only renting a portion of the first floor warehouse.	01.05.2013 – 31.12.2013	172,000	9,422 (Storage) 578 (office)
	Wong Kwong Tai	517-D, Jalan Kesidang 1/17 Taman Kenanga, Seksyen 1 Kampung Lapan 75200 Melaka	One and a half (1 ½) storey terrace house for use as hostel for Melaka branch's staff	15.07.2013 – 14.07.2014 with option to renew for one (1) year subject to written request of 60 days prior to the expiry of the term	7,200	1,600
	APM Auto Parts Marketing Sdn Bhd	Lot 13 & 14 Lorong Durian 3 Kian Yap Light Industrial Estate Jalan Kolombong 88450 Sabah	Two (2) units of double storey intermediate and end lot shop office units for usage as office and warehouse of Solid Corporation's new Kota Kinabalu branch office.	01.07.2012 – 30.06.2015 with option to renew for a period of three (3) years subject to written request three (3) months prior to the expiry of the term	99,600	8,400
Auto Empire	Ker Boon Kee, Ker Mong Keng, Ker Min Choo	10 Admiralty Street #01-64 Singapore 757695	One (1) unit of flat warehouse (Type G) on the first storey of a six (6)-storey multi-user industrial development building / Permitted for usage as office and warehouse of Auto Empire	01.05.2013 – 30.04.2014 with option to renew for a period of one (1) year subject to written request three (3) months prior to the expiry of the term	SGD68,400	3,584



6. BUSINESS OVERVIEW (Cont'd)

Tenant	Landlord	Address	Description and Existing Use	Rental Period	Annual Rental RM	Built-Up Area sq. ft.
Auto Empire	Ker Boon Kee	10 Admiralty Street #01-86 Singapore 757695	One (1) unit of flatbed warehouse (Type E) on the first storey of a six (6)-storey multi-user industrial development building / Permitted for usage as office and warehouse of Auto Empire.	01.05.2013 – 30.04.2014 with option to renew for a period of one (1) year subject to written request three (3) months prior to the expiry of the term	SGD80,400	4,003

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## 6. BUSINESS OVERVIEW (Cont'd)

## 6.15.3 Machinery

Our manufacturing plant which is located at No. 17, Jalan Kukuh, Off Jalan Tampoi, Kawasan Perusahaan Tampoi, Larkin, 80350 Johor Bahru are equipped with the following machinery:

Company	Machinery	Usage/Brand Name/ Model	Audited NBV as at 30 April 2013 RM	No. of Units	Maximum Production Capacity (per machine per month)
JBS	Mechanical rust remover	Steel brush cleaning machine for cleaning metal components Model: RW 435 (DC 600- 28)	#	1	20,000 rotors/ starter coils
	Manual blaster machine	Cleaning of alternator coils Model: SB-800-k	#	2	6,000 alternator coils
	Alternator tester	Self-developed machine for testing finished alternators	21,600	5	5,000 alternators
	Starter tester	Self-developed machine for testing finished starters	#	1	7,000 starters
	Turbo washer machine (new)	Chemical cleaning of parts and components Brand name: ERS Model: TW2	33,833*	1	60,000 starter coils/ alternator coils
	Turbo washer machine (old)	Chemical cleaning of parts and components Brand name: ERS Turbo Washer Model: 179	*	1	50,000 starter coils/ alternator coils
	Tumble belt cleaning machine	Sand blasting cleaning of parts and components Brand name: Tochu Model: TC-120-RB Brand name: Rosler Model: RBMC 1.1	#	2	50,000 sets of alternator housing / starter housing
	350-litre vibratory parts cleaning machine	Cleaning of parts and components using ceramic stones Model: Vibratory machine VA 350	2,875	1	62,500 housings
	150-litre tumbling machine	Cleaning of parts and components using ceramic stones Model: PU-150L	11,025	1	12,500 small components
	Semi auto blaster machine	Cleaning of small parts using sand blasting	8,875	1	56,000 small components

## 6. BUSINESS OVERVIEW (Cont'd)

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*Notes:*

# *These machineries and equipment have been fully depreciated.*

\* *The machine was replaced with the new machine purchased in 2013 as above, due to its poor condition. It is no longer used in production process and after refurbishment is currently retained for standby purpose.*

### 6.15.4 Regulatory Requirement and Environmental Issue

As at the LPD, our Group is in compliance with all the regulatory requirements and environmental issues which may materially affect our Group's operations and utilisation of own assets and machinery and also with respect to the land and buildings leased by our Group, as disclosed in Sections 6.15.1 to 6.15.3 of this Prospectus, save for as disclosed in Section 6.15.1 of this Prospectus.

### 6.15.5 Interruptions to Business and Operations

We have not experienced any material interruption in business which had a significant effect on our operations during the past 12 months preceding the LPD.

## 6.16 FUTURE PLANS, STRATEGIES AND PROSPECTS

### 6.16.1 Future Plans and Strategies

Moving forward, our aim is to become one of the leading players in the automotive aftermarket for parts and components in Malaysia. In order to achieve that, we have the following plans and strategies which we intend to implement within three (3) years from the date of our Listing:

#### (i) Expansion of our Principal Activities

We intend to leverage on our knowledge in remanufacturing of alternators and starters by venturing into the manufacturing/assembly of new alternators and starters as the technical knowledge is similar for both business activities. Compared to the remanufacturing of alternators and starters, the difference in the manufacturing/assembly of new alternators and starters is the use of new parts and components. In addition, there is no disassembly of cores, cleaning or repair of used parts and components under the manufacturing/assembly of new alternators and starters process. The parts and components to be used in the manufacturing/assembly of new alternators and starters are widely available. The new alternators and starters will be packed under our in-house brand name, Hansa Parts. Our initial investment for this new principal activity will include the cost of production machinery and equipment for QC testing. We are aiming for an initial production capacity of approximately 36,000 units of alternators and starters per annum. Approximately 80.00% of our newly manufactured alternators and starters are expected to be exported to our Group's major export markets, such as Middle East and Africa, while the rest will be sold in the domestic market. The cost of investment is estimated to be RM0.600 million and will be financed from internally generated funds. The said expansion plan is expected to commence in the fourth quarter of 2014. The introduction of the newly manufactured alternators and starters is expected to provide our Group with flexibility in meeting smaller volume orders with better margin, hence contribute positively to our Group.

**6. BUSINESS OVERVIEW (Cont'd)**

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**(ii) Centralisation of our Group's Operations**

We plan to acquire a piece of land of approximately 5-10 acres in Johor Bahru, to construct an integrated operations complex that will house our Group's corporate office, warehouse as well as current and future production (including our Group's future plan on "Expansion of our Principal Activities" as disclosed in Section 6.16.1(i) of this Prospectus), repacking and packaging facilities. The proposed complex is part of our centralisation strategy to streamline our entire operations and improve efficiency as well as accommodate future expansion plan. The new complex will provide a warehousing space of approximately 60,000 sq. ft. as well as approximately 25,000 sq. ft. for repacking and product testing facility. As at the LPD, we are still in the midst of identifying a suitable piece of land to construct our proposed complex. The proposed acquisition of land and construction of the complex are expected to be completed in 2016. The estimated cost for the purchase of the land and construction of the complex is approximately RM22.000 million, of which RM9.000 million will be financed from the IPO proceeds and the balance from internally generated funds and/or bank borrowings.

**(iii) Enhancing In-House Product Testing Capability**

We plan to enhance our in-house product testing capability by setting up a dedicated product testing laboratory at our factory in Johor Bahru. This is expected to be completed by end 2013 and the cost involved is estimated to be RM1.000 million which will be financed by internally generated funds and/or bank borrowings.

**(iv) Expansion of Distribution Network**

We intend to increase Twinco's market coverage to central and northern region of West Malaysia through the establishment of Twinco's sales office and warehouse in Kuala Lumpur. We believe that this will help Twinco to penetrate into the central and northern regions, and at the same time better serve Twinco's customers in these regions. Our Group's acquisition of a factory warehouse adjacent to our Kuala Lumpur branch for RM3.807 million is pending completion. Our Group is expected to incur approximately RM3.000 million for the construction of the new Twinco's sales office and warehouse. The acquisition of the site has been financed by internally generated funds and bank borrowings whilst the construction cost will be financed by our IPO proceeds.

Our Group expects to complete the setting up of the said sales office and warehouse by 2015.

**(v) New Distributorship of Lucas Branded Products**

We have signed a Trademark Licence Agreement with Lucas Ltd for the exclusive use but not the ownership of the Lucas trademark to distribute our automotive electrical parts and components under the brand name Lucas from 1 January 2013. Lucas is a well known brand which was established in 1872 in the UK. Lucas product range covers amongst other, automotive bulbs, batteries, wiper blades, starters and alternators. Our Group intends to promote the Lucas branded automotive electrical parts and components in designated countries in Asia as a third party brand. We are confident that the Lucas branded products will enhance our Group's reputation and business performance. In February 2013, our Group commenced the sale of automotive electrical parts and components under the Lucas brand which were manufactured by our contract manufacturers.

6. BUSINESS OVERVIEW (*Cont'd*)

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(vi) **Enhancement on Supply Chain Management**

We aim to enhance our supply chain management by establishing a direct presence in China which is our biggest source for the supply of automotive parts and components. Our Group intends to establish a procurement and export cum sales representative office in Shanghai, China. The proposed office will enable us to actively manage and better monitor our supply chain, product quality and specifications. Besides that, this procurement and export office will also help to facilitate the sourcing for automotive parts and components and suppliers. The proposed office is expected to commence its operations by 2014. The estimated cost for setting up the office is in the region of RM0.500 million and will be financed from internally generated funds.

(vii) **Enhancement of Quality System**

JBS obtained the ISO 9001:2008 certification from SGS (Malaysia) Sdn Bhd for the remanufacturing and assembly of alternators and starters in November 2012. As part of our Group's commitment towards upholding the quality of our products and services, Solid Corporation has targeted to apply for ISO 9001:2008 certification under the scope of wholesaling and trading of automotive spare parts by end 2013. We firmly believe that this is the right step to take in order to further enhance the confidence of our customers in our products and services.

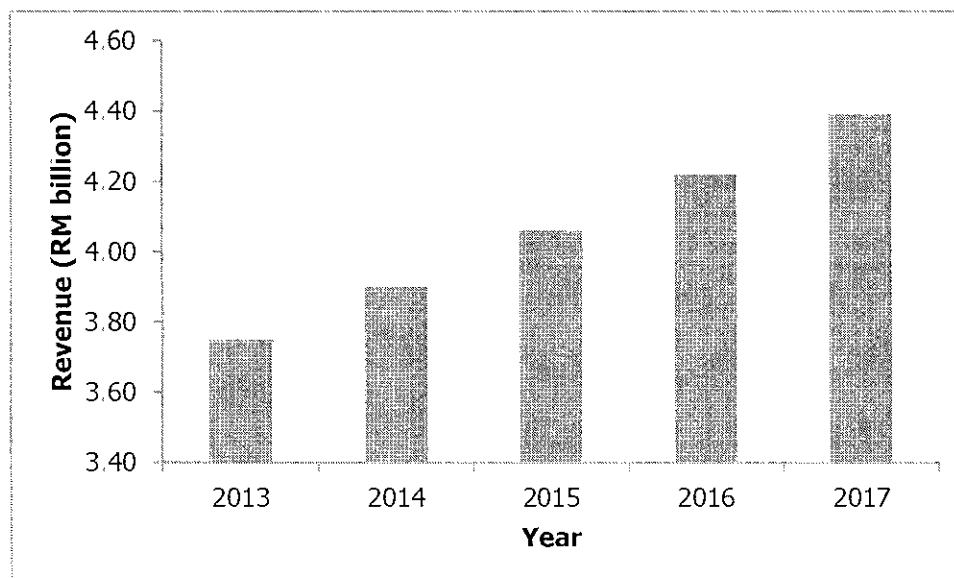
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## 6. BUSINESS OVERVIEW (Cont'd)

### 6.16.2 Prospects

The automotive aftermarket for parts and components in Malaysia is projected to continue growing during the 2013-2017 period albeit at a more moderate pace as depicted in the chart below.

#### The Forecast Size of the Automotive Aftermarket for Parts and Components in Malaysia, 2013-2017



The positive outlook on the demand for parts and components in the automotive aftermarket in Malaysia stems mainly from a growing motor vehicle population and a higher average motor vehicle age, the growing prominence of motor vehicles in modern living, the absence of end-of-life vehicle policy, increasing demand for electronics content in motor vehicles and the continuing expansion in the local economy. Nevertheless, market players in the automotive aftermarket for parts and components need to be mindful of the growth restraining factor posed by the stricter hire purchase financing environment and intensifying efforts in developing the local urban public transportation system.

On the supply side, although the market is expected to be boosted by the encouraging support from the Malaysian Government and participation in both domestic and international automotive related trade fairs, it faces various challenges ahead. The prohibition on imports of used automotive parts and components may pose a tough procurement challenge for existing importers as well as remanufacturers of automotive parts and components. In addition, market players are also expected to cope with shortage of testing facilities, upward inflationary pressure from persistent high oil prices and challenging environment for the hiring of relatively low-skilled workers during the forecast period from 2013 to 2017.

Moving forward, the size of the automotive aftermarket for parts and components in Malaysia is expected to reach RM4.39 billion in 2017. Its CAGR for the 2012-2017 period is projected to be 4.0 percent. (Source: IMR Report)

Our Group's future plans and strategies will provide a platform for our aim to become one of the leading player in the automotive aftermarket for parts and components in Malaysia.

Based on the positive outlook in the automotive aftermarket industry, our future plans and strategies and our competitive strengths as outlined in Section 6.6 of this Prospectus, our Board is of the view that we are well positioned to achieve sustainable growth. Whilst we recognise the market challenges in the industry and the risk factors as outlined in Section 4 of this Prospectus, we are committed to implement our future plans and strategies to achieve our business goals and objectives.

7. EXECUTIVE SUMMARY OF THE IMR REPORT

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PROTEGE ASSOCIATES SDN BHD  
SUITE C-06-06, PLAZA MONT' KIARA  
2 JALAN KIARA, MONT' KIARA  
50480 KUALA LUMPUR, MALAYSIA  
GEN +603 6201 9301 FAX +603 6201 7302  
www.protege.com.my

**Protégé**  
ASSOCIATES

BRAND | FINANCE | MARKET

02 AUG 2013

The Board of Directors  
Solid Automotive Berhad  
No. 5, Jalan Dataran 5,  
Taman Kempas,  
81200 Johor Bahru.

Dear Sirs,

**Executive Summary of the Strategic Analysis of the Automotive Aftermarket for Parts and Components in Malaysia**

This Executive Summary of the 'Strategic Analysis of the Automotive Aftermarket for Parts and Components in Malaysia' is prepared by Protégé Associates Sdn. Bhd. ("Protégé Associates") for inclusion in the prospectus of Solid Automotive Berhad ("Solid") in relation to the proposed listing of and quotation for the entire issued and paid-up share capital of Solid on the Main Market of Bursa Malaysia Securities Berhad.

**Malaysia Economic Overview**

The Malaysian economy performed well in 2012 against the backdrop of a challenging international economic environment by recording an annual expansion of 5.6 percent or a real GDP at 2005 prices of RM749.1 billion. A higher growth in domestic demand has been credited as the main factor driving its growth ascension. Real aggregate domestic demand (excluding stocks) increased by 10.6 percent in 2012 as compared to 8.2 percent in 2011 spurred by higher investment spending and consumption.

Despite the positive results revealed in most of Malaysia's key economic indicators for 2012, the Malaysian Government is mindful of the challenging external environment that may affect the growth in the local economy. In the near future, the growth in the Malaysian economy is expected to be anchored again by domestic demand. Bank Negara Malaysia has projected Malaysia's real GDP at 2005 prices to grow by between 5.0 to 6.0 percent in 2013.

### **An Introduction to Automotive Aftermarket for Parts and Components**

Automotive parts and components include all the parts and components required for manufacturing or enabling motor vehicles to function in a desired manner. Automotive parts and components can be divided into braking parts, driving transmission and steering parts, electrical parts and components, engine parts, suspension parts and other parts and components.

#### 1) Braking

Braking parts and components are used to control, slow the speed or stop the movement of the motor vehicle by absorbing kinetic energy mechanically or electrically. Examples of braking parts and components are anti-lock braking system ("ABS") steel pins, brake lines, brake backing plates, brake boosters, brake proportioning valves, wheel studs, brake pads, brake drums and brake discs.

#### 2) Driving transmission and steering

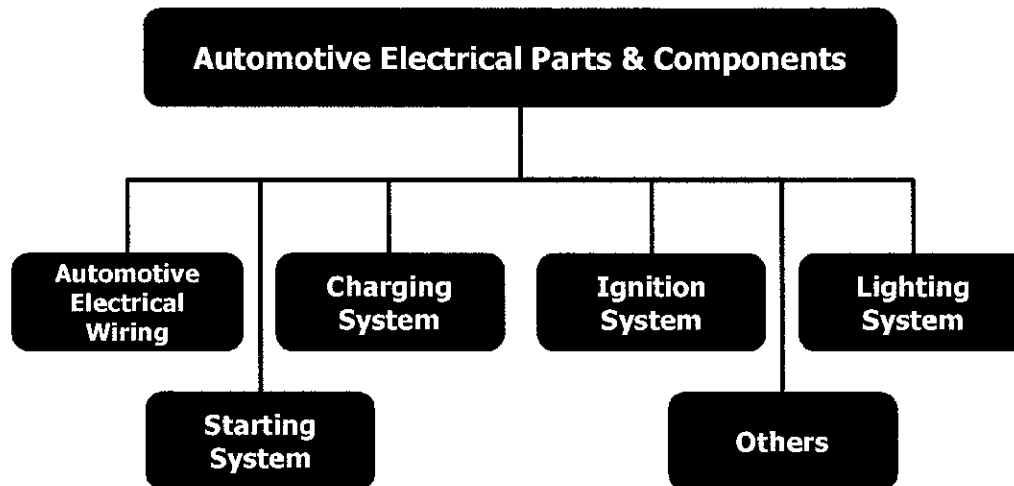
Driving transmission and steering parts and components are used to change the speed or direction of a moving motor vehicle. Examples of driving transmission and steering parts and components are clutch slave cylinders, fan clutches, gear couplings, needle roller bearings, pressure plates, steering gears, steering shafts, steering stabilisers and transmission gears.

#### 3) Electrical

Automotive electrical parts and components have evolved from just basic wiring technologies that were used to distribute power to other parts of a vehicle to a more complex automotive electrical system or architecture found in modern motor vehicles today. These electrical parts and components are able to support increased vehicle content and electrification for facilitating a wide spectrum of functionalities such as safety, security, comfort, infotainment and vehicle operations. There are different types of automotive electrical parts and components as depicted in Figure 1.



**Figure 1: Types of Electrical Parts and Components in a Motor Vehicle**



*Source: IMR Report*

a) Automotive electrical wiring

Automotive electrical wiring comprises of various types of wire harness, connector, device, electrical fuse, flexible electrical wire and fuse block used to fasten one end of an automotive component to the power source device for enabling the bearing of mechanical loads as well as for transmitting communication signals or electrical energy.

b) Charging system

There are three basic automotive parts and components used in a charging system namely alternators, interconnecting wirings and regulators. A charging system is required to control and regulate the charge in the battery of a motor vehicle.

c) Ignition system

In an ignition system of a motor vehicle, electric current is used to burn the fuel-air mixture in an internal combustion engine of a motor vehicle. Some of the major automotive electrical parts and components used in an ignition system of a motor vehicle include coil wires, electronic timing controllers, ignition controllers, ignition distributors, ignition switches and spark plugs.

d) Lighting system

The lighting system of a vehicle provides power to both exterior and interior lighting and signalling devices or components to generate automotive lights that can provide

## 7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



the illumination and enhance the visibility of an automobile when required as well as can act as the warning signals. Examples of component used in automotive lighting systems are auxiliary lights, headlights, headlight control switches, instrument displays, sidelights and tail lights,

## e) Starting system

Major automotive electrical parts and components used in the automotive starting system include bendix drive starters, starter drives and starter solenoids which are used to initiate the engine of a motor vehicle.

## f) Others

Others include all other automotive electrical parts and components such as battery cables, battery cable terminals, battery control systems, battery plates, ground straps, windshield wiper systems, power locks, horns, alarm sirens and voltage regulators used in an automotive battery, automotive batteries as well as the integrated circuits used in the electronic control unit of the motor vehicle to store new engine management programme.

## 4) Engine

Engine parts and components are used to propel a motor vehicle by transforming chemical energy in fuel into mechanical energy for power.

## 5) Suspension

Suspension parts and components are used to support a motor vehicle on its undercarriage. Examples of suspension parts and components are control arms, idler arms, motor mounts, pinions, shock absorbers and suspension beams.

## 6) Others

This category includes all the other automotive parts and components such as fan belts, hydraulic pneumatic equipment, plastic moulded components, pressure die castings and sheet metal parts.

***The performance of the automotive parts and components market is positively correlated with the overall performance of the automotive industry.*** In other words, expansion in the automotive industry is expected to lead to higher demand for automotive parts and components. There are essentially two demand sources for automotive parts and components namely, the production or manufacture of vehicles via the original equipment

## 7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



manufacturer ("OEM") market and the aftermarket which refers to the replacement market for automotive parts and components.

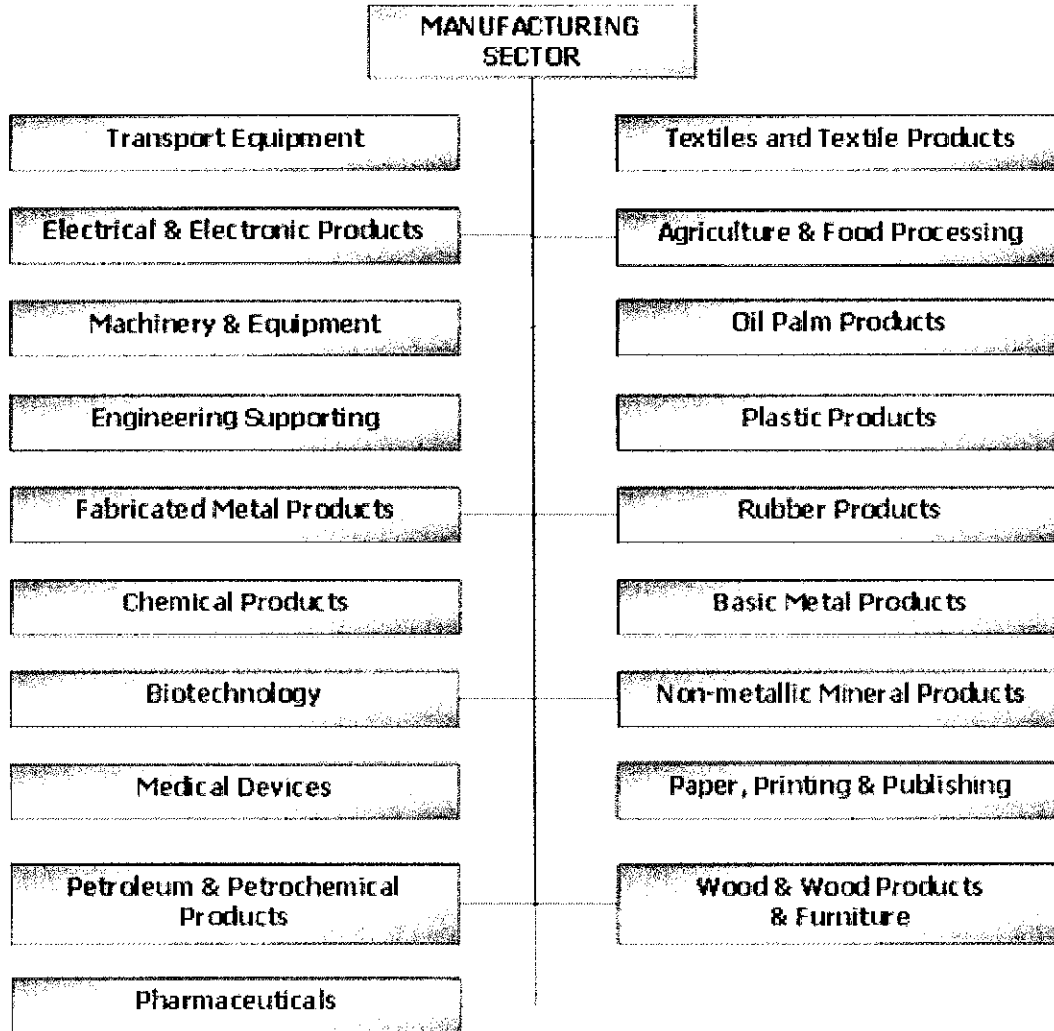
As Solid is a locally-based automotive parts and components market player that targets the aftermarket segment, thenceforth, Protégé Associates will be focusing more on the automotive aftermarket for parts and components in Malaysia.

Under the context of the automotive industry, ***automotive aftermarket generally encompasses all products and services purchased for all motor vehicles after the completion of the initial sales of these motor vehicles to the consumers.*** Products purchased include parts and components for replacement at varying qualities and prices, accessories, chemicals, appearance products, tires as well as the necessary tools and equipment for repair and maintenance works. The products purchased can be supplied by manufacturers (including manufacturers of remanufactured automotive parts and components), distributors and/or retailers. Meanwhile, the services purchased include the provision of services such as installation, repairing and maintenance works on the motor vehicles. The services can be provided at professional motor vehicle installation, repair and maintenance facilities or be performed by the consumers themselves. The automotive aftermarket is essentially a secondary market of the automotive industry.

#### **Market Segmentation**

The automotive aftermarket for parts and components in general is considered as part of the overall transport equipment sub-sector. Based on the classification by the Malaysian Industrial Development Authority ("MIDA"), the transport equipment sub-sector is considered as one of the 19 sub-sectors within the manufacturing sector as depicted in Figure 2.

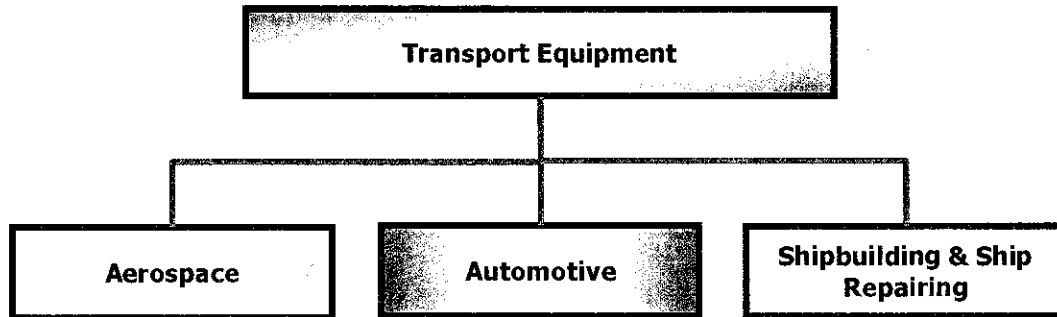
**Figure 2: Manufacturing Sector Classification**



*Source: IMR Report*

The transport equipment sub-sector can be further divided into three distinct industries namely aerospace, automotive as well as shipbuilding and ship repairing industries. This is also depicted in Figure 3.

**Figure 3: Overview of the Transport Equipment Sub-sector in Malaysia**



Source: IMR Report

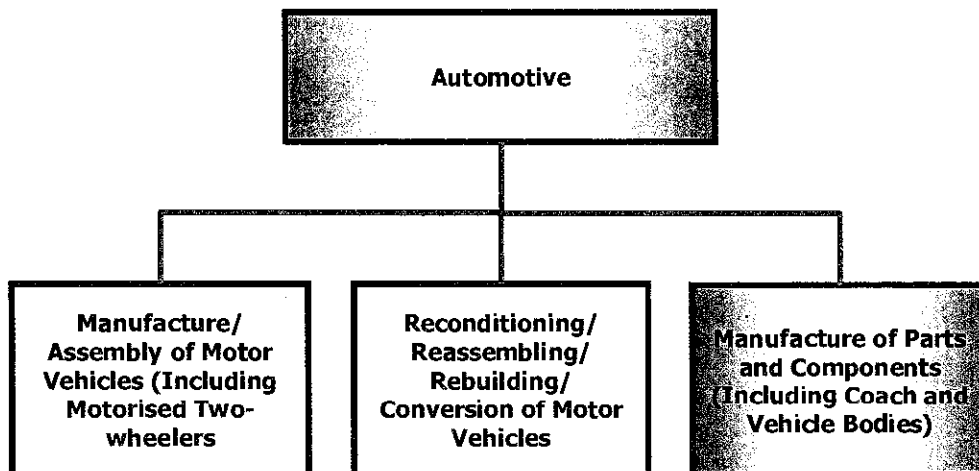
1) Aerospace

The aerospace industry comprises mainly of two markets namely the aviation market which includes the manufacturing of parts and components, maintenance, repair and overhaul ("MRO") activities, design and development and operation of light aircraft and support services as well as the space market involving satellite.

2) Automotive

The automotive industry consists of the manufacture or assembly of motor vehicles (including motorised two-wheelers), the reconditioning, reassembling, rebuilding or conversion of motor vehicles and **the manufacturing of parts and components** (including coach and vehicle bodies) as depicted in Figure 4.

**Figure 4: The Automotive Industry in Malaysia**



Source: IMR Report

## 7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

## 3) Shipbuilding and Ship Repairing

This industry includes manufacturing a wide range of ships such as barges, hovercrafts, hydrofoils, landing crafts, leisure crafts, passenger boats or ferries, patrol vessels, tankers, tug-boats and yachts as well as ship repairing activities.

**Historical Market Performance and Growth Forecast**

The automotive aftermarket for parts and components in Malaysia performed reasonably well in 2012 on the back of stronger local economic growth that helped to spur positive consumer sentiment leading to higher demand from customers. The market expanded by an estimated 4.0 percent from RM3.47 billion in 2011 to RM3.61 billion in 2012. Figure 5 depicts the historical and forecast size of the automotive aftermarket for parts and components from 2010 to 2017.

**Figure 5: Historical and Forecast Size of the Automotive Aftermarket for Parts and Components in Malaysia, 2010-2017**

Year	Revenue (RM billion)	Annual Growth (%)
2010	3.34	-
2011	3.47	3.9
2012	3.61	4.0
2013	3.75	3.9
2014	3.90	4.0
2015	4.06	4.1
2016	4.22	3.9
2017	4.39	4.0

*Notes:*

- 1) CAGR (2012-2017) = 4.0 percent
- 2) The base year is 2012

*Source: IMR Report*

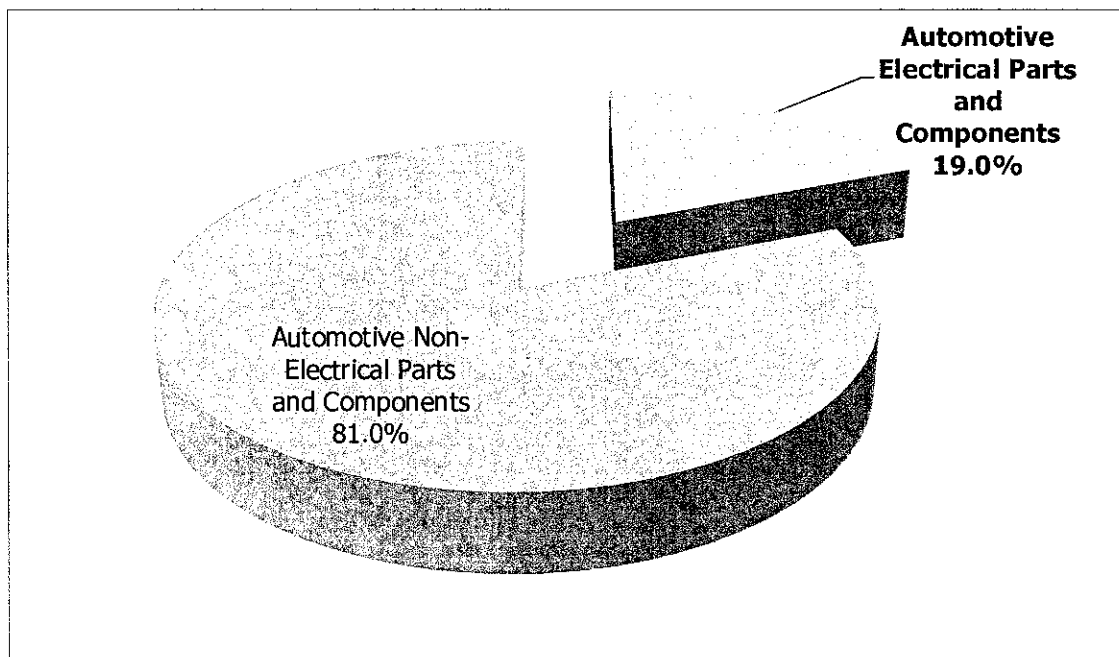
The annual growth in the size of the automotive aftermarket for parts and components in Malaysia is projected to hover around 3.9 to 4.1 percent from 2013 to 2017 on the back of expected sustained demand for automotive parts and components in the automotive aftermarket. The CAGR of the market for the 2012-2017 period is projected to be 4.0 percent.

On a closer look at the automotive aftermarket for parts and components or more specifically, the electrical parts and components in Malaysia, it is estimated to account for 19.0 percent of

## 7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

the total revenue generated in the automotive aftermarket for parts and components in Malaysia for 2012 as depicted in Figure 6. Automotive non-electrical parts and components which consist of braking parts, driving transmission and steering parts, engine parts, suspension parts and other automotive parts and components are estimated to account for 81.0 percent of the total revenue generated in the automotive aftermarket for parts and components in Malaysia for 2012. Engine and mechanical parts and components are collectively considered as automotive non-electrical parts and components.

**Figure 6: Estimated Automotive Electrical and Non-Electrical Parts and Components' Share of the Total Revenue Generated in the Automotive Aftermarket for Parts and Components in Malaysia, 2012**



*Source: IMR Report*

The growth outlook for the automotive aftermarket for electrical parts and components has remained positive. It is projected to grow incrementally from 2013 to 2017 aided by the growing demand for electrical content in motor vehicles. The CAGR of this market for the 2012-2017 period is projected to be 5.1 percent. Figure 7 depicts the estimated and forecast size of the automotive aftermarket for electrical parts and components from 2010 to 2017.

**Figure 7: Estimated and Forecast Size of the Automotive Aftermarket for Electrical Parts and Components in Malaysia, 2010-2017**

Year	Revenue (RM million)	Annual Growth (%)
2010	633.9	-
2011	659.3	4.0
2012	685.7	4.0
2013	715.2	4.3
2014	749.5	4.8
2015	788.5	5.2
2016	832.7	5.6
2017	880.2	5.7

*Notes:*

- 1) CAGR (2012-2017) = 5.1 percent
- 2) The base year is 2012

*Source: IMR Report*

The automotive aftermarket for non-electrical parts and components in Malaysia is expected to grow from estimated RM2.95 billion in 2012 to RM3.51 billion in 2017 and register a CAGR of 3.5 percent during the 2012-2017 period. Similar to the broader automotive aftermarket for parts and components, the positive outlook on the demand for non-electrical parts and components in the automotive aftermarket in Malaysia stems mainly from a growing motor vehicle population and a higher average motor vehicle age, the growing prominence of motor vehicles in modern living, the absence of end-of-life vehicle policy and the continuing expansion in the local economy.

**Competitive Landscape of the Automotive Aftermarket for Parts and Components in Malaysia**

The automotive aftermarket for parts and components in Malaysia (which includes the automotive aftermarket for electrical and non-electrical parts and components) is huge and provides market opportunities to a large and wide range of participants. It is a mature and competitive market and estimated to be over 5,000 market players ranging from small to medium size companies known to participate in the automotive aftermarket for parts and components. These include automotive parts and components manufacturers (including manufacturers of remanufactured automotive parts and components), distributors, importers, wholesalers and retailers that typically compete on various competitive factors such as:



## 7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



- branding;
- design and technological capabilities and/or collaborations;
- distribution channels or points of sales;
- pricing;
- product quality and reliability;
- range of products and/or brands; and/or
- targeted end-user markets namely OEM market or aftermarket or both, motor vehicle types or makes.

Given the competitive environment in the local automotive industry, the domestic market players have also been involved in certain industry manoeuvres to put themselves in a better position in the market in line with trade liberalisation. Some of the industry manoeuvres highlighted by MIDA include:

- upgrading of engineering and technological capabilities through collaborations such as joint-ventures and mergers;
- leveraging global networks to penetrate the export market;
- increasing capacity, productivity and efficiency; and
- acquiring international standards such as ISO 9000, ISO 14000 and ISO/TS 16949.

Market players in the automotive aftermarket for parts and components in Malaysia can also be divided into three types according to the size of their respective annual revenue generated namely Type-1, Type-2 and Type-3 market players.

i) Type-1 market players

Type-1 market players consist of market players that registered an annual revenue of more than RM300 million. The number of Type-1 market players in the automotive aftermarket for parts and components in Malaysia is relatively small but they typically hold a dominant market position.

Type-1 market players are typically well capitalised companies. Due to their relatively strong financial footing, they are able to undertake large scale production of automotive parts and components to achieve better economies of scale and enable them to target a wider range of end-user markets. They are

## 7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



also most likely to be the ones that explore for export opportunity in the international markets. Type-1 market players also strive to compete by providing the leadership in technology. They are likely to invest heavily in the latest machineries and introduce new product innovations to the market.

ii) Type-2 market players

Type-2 market players consist of market players that registered an annual revenue of more than RM50 million but less than RM300 million. Although Type-2 market players generate lesser revenues than their Type-1 counterparts, this group of market players does possess reasonable size in terms of production scale, workforce, and capital resources. These Type-2 market players are also considered established along with Type-1 market players and they generally have been participating in the automotive aftermarket for parts and components in Malaysia for a long period. They also have a steady pool of customers as well as comparable products under their product portfolio.

iii) Type-3 market players

Type-3 market players consist of market players that registered an annual revenue of RM50 million and below. Unlike their Type-1 and Type-2 counterparts, Type-3 market players generally have a smaller production scale, workforce and capital resources. These Type-3 market players also generally have limited range of products and production capabilities. As such, they can only meet relatively small size orders from their customers and they also tend to embark on a niche marketing strategy by targeting specific end-user markets or selling their products in a particular geographical area only *exempli gratia* ("e.g.") state, district or town.

### **Estimated Solid's Market Share**

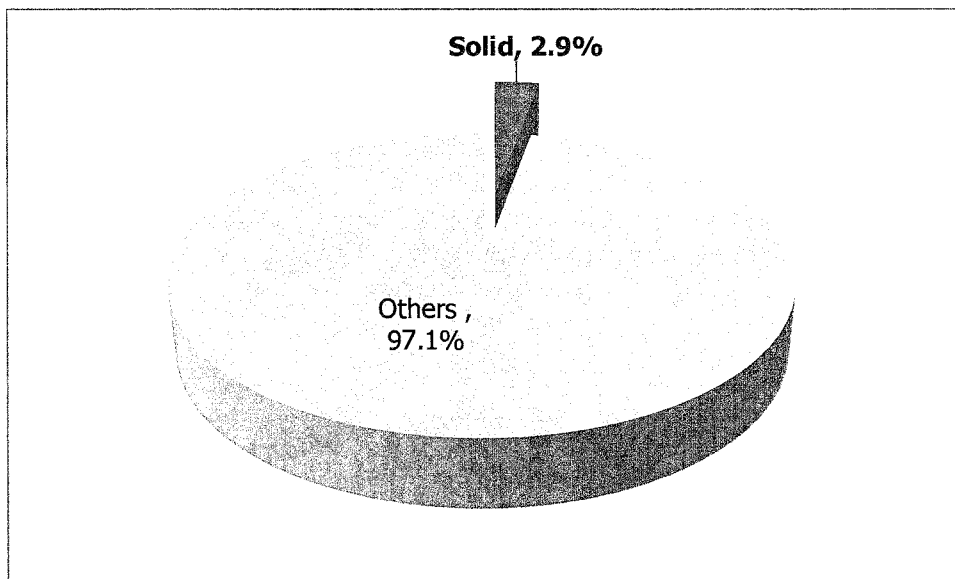
Solid was incorporated in Malaysia under the Companies Act 1965 as a public limited company on 12 September 2012. It is an investment holding company. Its subsidiaries are involved in the trading and distribution of automotive electrical, engine and mechanical parts and components as well as remanufacturing of automotive starters and alternators.

Given that Solid registered revenue of RM104,155,000 in its FYE 30 April 2012 from the sale of its automotive parts and components in the aftermarket, the market share of Solid in the automotive aftermarket for parts and components in Malaysia for the year is estimated to be

## 7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

2.9 percent as depicted in Figure 8. The estimated Solid's 2.9 percent market share of the automotive aftermarket for parts and components in Malaysia in 2012 is derived by dividing its revenue registered in its FYE 30 April 2012 (RM104,155,000) over the estimated total size of the automotive aftermarket for parts and components in Malaysia for 2012 (RM3.61 billion).

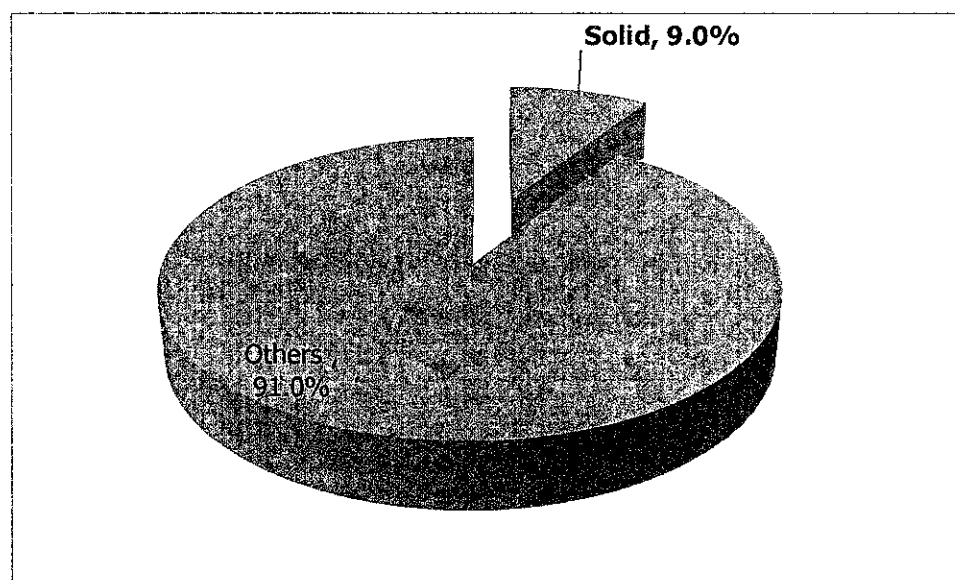
**Figure 8: Solid's Estimated Market Share of the Automotive Aftermarket for Parts and Components in Malaysia, 2012**



*Source: IMR Report*

Out of the total revenue registered by Solid in its financial year ended 30 April 2012, RM61,904,000 was generated from the sales of automotive electrical parts and components in the aftermarket. As such, the market share of Solid in the automotive aftermarket for electrical parts and components in Malaysia for 2012 is estimated to be 9.0 percent as depicted in Figure 9. The estimated Solid's 9.0 percent market share of the automotive aftermarket for electrical parts and components in Malaysia in 2012 is derived by dividing its revenue from the sales of automotive electrical parts and components registered in its FYE 30 April 2012 (RM61,904,000) over the estimated total size of the automotive aftermarket for electrical parts and components in Malaysia for 2012 (RM685.7 million).

**Figure 9: Solid's Estimated Market Share of the Automotive Aftermarket for Electrical Parts and Components in Malaysia, 2012**



*Source: IMR Report*

Out of the total revenue registered by Solid in its financial year ended 30 April 2012, RM32,706,000 was generated from the sales of engine and mechanical parts and components, which are collectively considered as automotive non-electrical parts and components, in the aftermarket. As such, the market share of Solid in the automotive aftermarket for non-electrical parts and components in Malaysia for 2012 is estimated to be 1.1 percent. The estimated Solid's 1.1 percent market share of the automotive aftermarket for non-electrical parts and components in Malaysia in 2012 is derived by dividing its revenue from the sales of automotive non-electrical parts and components registered in its FYE 30 April 2012 (RM32,706,000) over the estimated total size of the automotive aftermarket for non-electrical parts and components in Malaysia for 2012 (RM2.92 billion).

### **Barriers to Entry**

The automotive aftermarket for parts and components in Malaysia has relatively high barriers to entry for potential manufacturers (including manufacturers of remanufactured automotive parts and components). However, the barriers to entry for other types of participant can be low if the scale of business operations intended is small. In order to participate in the market, potential new entrants may need to come out with a relatively high capital outlay involving millions of ringgit to invest in manufacturing facilities, high-end production equipment and machineries, technology licensing, marketing and branding activities, raw materials, stocks, storage facilities and/or manpower. Therefore, potential new entrants need to have a long-

## 7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



term investment horizon as these initial costs may not be recovered in the short term period. In addition, any future upgrading of machinery is likely to incur a relatively higher initial cost due to technological advancement. Like any other businesses, the need to invest substantially in setting up and to sustain competitiveness poses a significant risk which acts as a strong deterrent for potential market entrants.

Potential customers usually prefer reliable and reputable manufacturers or suppliers that possess sound technical knowledge and established reputation. This would pose a challenge to new entrants as they would face difficulties in establishing their credentials given that they are new to the market and have no proven track record. In addition, potential new entrants will likely face difficulty in getting favourable financing facilities without a proven track record – thus reducing their competitiveness considerably. This poses a high barrier to entry to potential new entrants.

Potential new entrants need to be very knowledgeable about the technologies behind the automotive parts and components manufacturing processes. They need to be mindful that their customers may also require the development of various products involving different materials, designs, unique application, tight tolerance, physical dimensions, et cetera ("etc."). Hence, potential entrants need to possess sufficient related technical expertise and updated technology to participate in this market.

Potential new entrants may also need to qualify as one of the approved suppliers of their targeted end-users to stand a chance of securing a job from them. The qualification process may take into account the background and track record of the potential new entrants and their personnel technical capabilities; something which put them at a disadvantage. In addition, established market players typically have relatively long-term relationships with their respective customers and therefore, they stand to enjoy a stronger goodwill. Building a viable and strong business relationship is not an easy task for any potential new entrants as relationships require a significant amount of time to establish. Once the business relationship is sufficiently strong, where trust and confidence are well-established, it would be difficult to break up such a partnership. The trust and confidence factor is most important due to the constant exchange of highly confidential information as well as the time criticality of their manufacturing operations. Potential new entrants in the market may find it very hard to break up such existing relationships already established among market players and forge trusting and confident ties with them anew. This can affect market penetration and as such, poses a high entry barrier.

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**Demand and supply conditions**

Demand and supply conditions refer to market factors that can positively or negatively affect future market size and growth by specifically altering demand or supply dynamics. These demand and supply factors can include trends, key developments or events that spur market expansion, leading to increases in sales or revenues, or developments that negatively affect market growth.

**Figure 10: Demand and Supply Conditions Affecting the Automotive Aftermarket for Parts and Components in Malaysia, 2013**

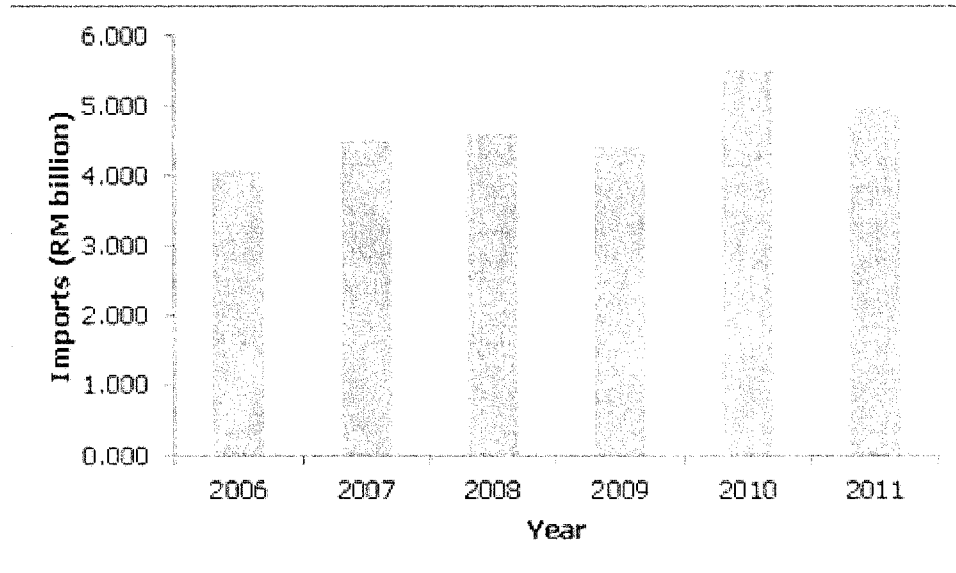
Condition	Type	Impact
A Growing Motor Vehicle Population and a Higher Average Motor Vehicle Age	Demand	+
The Growing Prominence of Motor Vehicles in Modern Living	Demand	+
The Absence of End-of-life Vehicle Policy	Demand	+
Increasing Demand for Electronics Content in Motor Vehicles	Demand	+
The Continuing Expansion in the Local Economy	Demand	+
Stricter Hire Purchase Financing Environment	Demand	-
Intensifying Efforts in Developing the Local Urban Public Transportation System	Demand	-
Encouraging Support from the Malaysian Government	Supply	+
Participation in Both Domestic and International Automotive Related Trade Fairs	Supply	+
Challenging Environment for the Hiring of Relatively Low-Skilled Workers	Supply	-
Prohibition on Imports of Used Automotive Parts and Components	Supply	-
Shortage of Testing Facilities	Supply	-
Upward Inflationary Pressure from Persistent High Oil Prices	Supply	-

Source: IMR Report

**Market Reliance on and Vulnerability to Imports**

Although encouraging progress has been made thus far, the automotive aftermarket for parts and components in Malaysia still depends, to a large extent, on imports particularly for critical and high value parts and components such as engines, transmission systems and vehicle electronics components. Malaysia's imports of automotive parts and components totalled around RM4.97 billion in 2011 alone based on the statistics released by the Department of Statistics, Malaysia. Figure 11 depicts Malaysia's total imports of automotive parts and components from 2006 to 2011.

**Figure 11: Malaysia's Imports of Automotive Parts and Components, 2006-2011**



*Source: IMR Report*

As depicted in Figure 11, our total imports of automotive parts and components amounted to more than RM4 billion annually (from 2006 to 2011) – a sizeable figure that has further exposed the overall market's reliance on and vulnerability to imports. This trend is also expected to continue during the forecast period from 2013 to 2017. However, market players involved in the remanufacturing activities may have to consider sourcing for their raw material needs (used parts and components) solely from the domestic market in light of the gradual prohibition on the importation of used automotive parts and components by the Malaysian Government.

Manufacturers and remanufacturers in the automotive aftermarket for parts and components in Malaysia are also dependent, to a certain extent, on imported advanced machineries and foreign workers in order to participate, sustain and/or grow their manufacturing operations. On a more positive note, market players are relatively less reliance on and vulnerable to imports in terms of procurement for raw materials such as steel, rubber and plastic products except for certain high-grade steel products and plastic resins.

### **Substitute Products or Services**

Automotive parts and components are key products that support the overall automotive industry; either for the manufacture of new motor vehicles (OEM market) or for the replacement of existing automotive parts and components found in used motor vehicles (aftermarket) due to faulty, deterioration in quality, end of useful life or upgrading reasons. As long as motor vehicles are still being used, there is always the demand for automotive parts and components. Motor vehicle is gaining prominence in modern day Malaysian living as it is generally considered to be a necessary mode of transport that can provide a sense of freedom and independence.

On another note, existing automotive parts and components are constantly being improved or innovated from the advancement in automotive technologies while new materials are also being explored for their potential usages in the manufacture of automotive parts and components that can offer cost savings and better performance. Hence, it is not surprising that certain automotive parts and components may be rendered obsolete by newer automotive parts and components in a relatively short period of time – resulting in short product life cycle.

### **Relevant Laws and Regulations Governing the Market and Peculiarities of the Market**

- Quality and Safety Standards

Compliance to national and international standards is gaining prominence among market players in the automotive aftermarket for parts and components in Malaysia against the backdrop of liberalisation in the automotive industry. Besides meeting the requisite requirements set by each government, compliance can also go a long way towards boosting the confidence of potential vehicle manufacturers and end-users alike. It reinforces a market player's commitment in providing acceptable quality products or services to its end-users. In addition, compliance with international standards is vital for penetration into the international market.

New requirements on standards are expected to be imposed for automotive products by developed markets. These new requirements include the recyclability requirements for parts and components by the European Union ("EU") and more usage of biodegradable parts and materials in the manufacture of motor vehicles. Apart from these requirements, some of the standards that market players in the starters and alternator markets in China should focus on achieving include but not limited to:



## 7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

## a) ISO 9000

ISO 9000 is a family of standards that is maintained by the International Organisation for Standardisation and catered for quality management systems.

## b) ISO 14000

ISO 14000 is the standard for environment management system. Compliance with this standard helps a company to fulfil its social responsibility in safeguarding the environment.

## c) ISO/TS 16949

According to the International Automotive Oversight Bureau ("IAOB"), ISO/TS 16949 is a common automotive quality system requirements catalogue based on ISO 9001, AVSQ (Italian), EAQF (French), QS-9000 (US) and VDA6.1 (German) automotive catalogues. IAOB added that ISO/TS 16949 is jointly developed by International Automotive Task Force ("IATF") members and along with customer-specific requirements, it defines quality system requirements for use in the automotive supply chain. IATF members consist of vehicle manufacturers namely DaimlerChrysler, BMW, Fiat, Ford Motor Company, PSA Peugeot-Citroen, General Motors (including Opel Vauxhall), Volkswagen and Renault SA and their respective trade associations namely AIAG (US), ANFIA (Italy), VDA (Germany), SMMT (UK) and FIEV (France).

## d) OHSAS 18000

OHSAS 18000 is a standard related to occupational health and safety management system and comprises of two parts namely 18001 and 18002.

## e) Eco-Management and Audit Scheme ("EMAS")

EMAS is an environmental standard that was developed by the European Commission in 1995 to help participating organisations to identify and manage their impacts on the environment.

In another development, the RTD has targeted the adoption of all 126 regulations from the United Nations Economic Commission for Europe ("UNECE") by 2015. From 2007 up to 13 March 2012, the Malaysian Government had adopted 54 such regulations. Examples of the regulation adopted and gazetted are R7 (brake lamp performance), R13 (braking), R40 (exhaust emission – motorcycle), R41 (noise emission – motorcycle), R43 (safety glass), R46 (rear view mirrors) and R97 (vehicle alarm system).

## 7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



- Approval of Manufacturing Projects

According to MIDA, manufacturing companies with shareholders' funds of RM2.5 million and above or engaging 75 or more full-time paid employees need to apply for a manufacturing license for approval by the MITI as required under the Industrial Co-ordination Act 1975. Projects which are categorised as labour intensive will not qualify for a manufacturing license or for tax incentives under the Malaysian Government's guidelines for approval of industrial projects. Projects are classified as labour intensive if their capital investment per employee ratio are less than RM55,000. Nevertheless, MIDA added that exemption is granted for a project that meets one of the following criteria:

- The value-added is 30 percent or more
- The Managerial, Technical and Supervisory ("MTS") Index is 15 percent or more
- The project undertakes promoted activities or manufacture products as listed in the List of Promoted Activities and Products – High Technologies Companies
- Existing companies (formerly exempted) applying for a manufacturing license

In addition, application to MIDA is required for a licensed company which wants to expand its production capacity or diversify its product range by manufacturing additional products.

- National Automotive Policy

The Malaysian Government announced the National Automotive Policy ("NAP") Framework on 19 October 2005 to spur further growth in the local automotive industry. The five major objectives that have been identified by the Malaysian Government are as follows:

- a) to promote a competitive and viable automotive sector, in particular for national car manufacturers;
- b) to become a regional hub for manufacturing, assembly and distribution for automotive vehicles;
- c) to enhance value-added and local capabilities in the automotive sector;
- d) to promote export-oriented Malaysian manufacturers as well as components and parts vendors; and

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

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e) to promote competitive and broad-based Bumiputera participation in vehicle manufacturing, distribution and importation as well as in components and parts manufacturing.

- Employment of Foreign Workers

Market players in the automotive aftermarket for parts and components in Malaysia that are interested in hiring foreign workers need to observe the immigration procedures. They can only hire foreign workers from the following countries:

- Indonesia
- Cambodia
- Laos
- Myanmar
- Nepal
- Pakistan
- Sri Lanka
- Vietnam
- Thailand
- Philippines (Male only)
- Turkmenistan
- Kazakhstan
- Uzbekistan

According to MIDA, the approval is based on merits of each case and subject to conditions that will be determined from time to time. The Malaysian Government only entertains applications after the applicants have exhausted efforts to find qualified local citizens and permanent residents. An annual levy is imposed on foreign workers.

- Minimum Wage Policy

The 'Minimum Wage Policy' was implemented in the country with immediate effect from 1 January 2013. The minimum wage is a provision in the National Wages Consultative Council Act 2011. The minimum wage has been set at RM900 or RM4.33 per hour for Peninsular Malaysia and at RM800 or RM3.85 per hour for Federal Territory of Labuan,

## 7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



Sabah and Sarawak. The minimum wage covers both local and foreign workforce, except for domestic workers such as gardeners and domestic helpers.

- Occupational Safety and Health Regulations

All legislations related to occupational safety and health in Malaysia are administrated and enforced by the Department of Occupational Safety and Health ("DOSH") under the Ministry of Human Resources, Malaysia. The three major legislations governing the enforcement activities on occupational safety and health are the Occupational Safety and Health Act ("OSHA") 1994, the Factories and Machinery Act ("FMA") 1967 and the Petroleum Act (Safety Measure) 1984. Market players in the automotive aftermarket for parts and components in Malaysia need to comply with occupational safety and health regulations particularly the OSHA 1994 and FMA 1967.

Legislative framework to promote, stimulate and encourage high standards of health and safe working culture among all Malaysian employees and employers through self-regulation schemes are provided by OSHA 1994. All occupational activities in the following sectors are subject to OSHA 1994:

- Agriculture, forestry and fishing;
- Construction;
- Finance, insurance, real estate and business services;
- Hotels and restaurants;
- Manufacturing;
- Mining and quarrying;
- Public services and statutory authorities;
- Transport, storage and communication;
- Utilities (gas, electricity, water and sanitary services); and
- Wholesale and retail trades;

According to MIDA, there are seven regulations under OSHA 1994 enforced by DOSH namely:

- Classification, Packaging and Labelling of Hazardous Chemicals Regulations, 1997;
- Control of Industrial Major Accident Hazards Regulations, 1996;

## 7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)



- Employers' Safety and Health General Policy Statements (Exception) Regulations, 1995;
- Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease Regulations, 2004;
- Safety and Health Committee Regulations, 1996;
- Safety and Health Officer Regulations, 1997; and
- Use and Standards of Exposure of Chemicals Hazardous to Health Regulations, 2000.

Meanwhile, the FMA 1967 was enacted to provide for the control of factories on matters relating to the safety, health and welfare of persons, and the registration and inspection of machinery. According to MIDA, there are 13 regulations under FMA 1967 enforced by DOSH namely:

- Administration Regulations, 1970;
- Asbestos Process Regulations, 1986;
- Building Operations and Works of Engineering Construction (Safety) Regulations, 1986;
- Certificate of Competency-Examinations Regulations, 1970
- Electric Passenger and Goods Lift Regulations, 1970;
- Fencing of Machinery and Safety Regulations, 1970;
- Lead Regulations, 1984;
- Mineral Dust Regulations, 1989;
- Noise Exposure Regulations, 1989;
- Notification, Certificate of Fitness and Inspection Regulations, 1970;
- Persons-in-Charge Regulations, 1970;
- Safety, Health and Welfare Regulations, 1970; and
- Steam Boilers and Unfired Pressure Vessel Regulations, 1970.

- Environmental Regulations

Manufacturing companies, including those involved in manufacturing or remanufacturing automotive parts and components also need to comply with the Environmental Quality Act, 1974 and other relevant environmental-protection related legislations. They need to be mindful of adhering to these regulations particularly on the disposal of sewage and industrial effluents.

- Regional Scheme

Locally manufactured automotive parts and components are expected to face competition from imported products from ASEAN member countries in line with the implementation of ASEAN Free Trade Agreement ("AFTA"). As part of AFTA, intra-regional tariffs are reduced to 0-5 percent through Common Effective Preferential Tariff ("CEPT"). Hence, imported products from ASEAN member countries are competing on the same platform with minimal or no import duties.

- Others

- Trade Liberalisation in the Regional Automotive Industry

The ASEAN automotive industry, which includes the Malaysian automotive industry, had also experienced trade liberalisation among ASEAN member countries for its products. This development is expected to lead to the entry of more big regional market players into the field, not only automotive manufacturers, but also their suppliers who provide the necessary parts and components. The competition in the local and ASEAN automotive industry is anticipated to increase significantly with the liberalisation trend and global automotive players are poised to position themselves strategically in this region. These global automotive players are likely to invite their suppliers from other regions for automotive parts and components to participate as well and they may not source their raw materials like automotive parts and components from local manufacturers or suppliers.

In the face of rising competition, market players in the automotive aftermarket for parts and components in Malaysia may need to juggle between enhancing product quality and sacrificing profit margins. The market players in the automotive aftermarket for parts and components in Malaysia are expected to face stiff competition from their foreign counterparts in offering competitive pricing for their

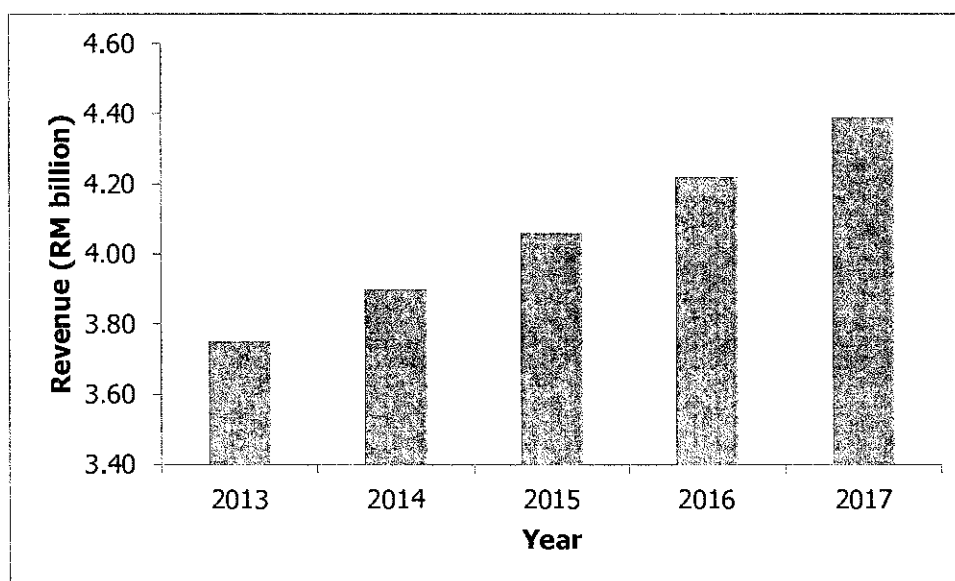
products. Market players who are able to offer products of acceptable quality with the lowest price may stand a good chance of securing orders for their products.

On a more positive note, market players are able to explore export opportunities in the vast regional market which has been opened up by the liberalisation within the ASEAN automotive industry and stand to benefit from potential economies of scale.

### **Prospects and Outlook of the Automotive Aftermarket for Parts and Components in Malaysia**

The automotive aftermarket for parts and components in Malaysia is projected to continue growing during the 2013-2017 period albeit at a more moderate pace as depicted in Figure 12.

**Figure 12: The Forecast Size of the Automotive Aftermarket for Parts and Components in Malaysia, 2013-2017**



*Source: IMR Report*

The positive outlook on the demand for parts and components in the automotive aftermarket in Malaysia stems mainly from a growing motor vehicle population and a higher average motor vehicle age, the growing prominence of motor vehicles in modern living, the absence of end-of-life vehicle policy, increasing demand for electronics content in motor vehicles and the continuing expansion in the local economy. Nevertheless, market players in the automotive aftermarket for parts and components need to be mindful of the growth restraining factor posed by the stricter hire purchase financing environment and intensifying efforts in developing the local urban public transportation system.

7. EXECUTIVE SUMMARY OF THE IMR REPORT (Cont'd)

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On the supply side, although the market is expected to be boosted by the encouraging support from the Malaysian Government and participation in both domestic and international automotive related trade fairs, it faces various challenges ahead. The prohibition on imports of used automotive parts and components may pose a tough procurement challenge for existing importers as well as remanufacturers of automotive parts and components. In addition, market players are also expected to cope with shortage of testing facilities, upward inflationary pressure from persistent high oil prices and challenging environment for the hiring of relatively low-skilled workers during the forecast period from 2013 to 2017.

Moving forward, the size of the automotive aftermarket for parts and components in Malaysia is expected to reach RM4.39 billion in 2017. Its CAGR for the 2012-2017 period is projected to be 4.0 percent.

Protégé Associates has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Thank you.

Yours sincerely,

SEOW CHEOW SENG  
Managing Director

Protégé Associates Sdn. Bhd.



## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

## 8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

## 8.1.1 Shareholdings

The shareholdings of our Promoters and/or substantial shareholders in our Company before and after our IPO are as follows:

Name	Before IPO <sup>^</sup>			After IPO <sup>*</sup>		
	Direct No. of Shares held	% held	Indirect No. of Shares held	Direct No. of Shares held	% held	Indirect No. of Shares held
<b>Promoters and Substantial Shareholders</b>						
Ker Min Choo	40,450,113	35.29	354,546**	40,450,113	26.97	546 <sup>π</sup> **
Ker Mong Keng	41,725,075	36.40	-	36,725,075 <sup>π</sup>	24.48	-
Ker Meng Oi	9,034,041	7.88	-	7,530,541 <sup>π</sup>	5.02	-
Ker Soo Ha <sup>##</sup>	8,718,488	7.61	-	7,214,988 <sup>π</sup>	4.81	-
<b>Other Substantial Shareholder</b>						
Kek Kok Swee <sup>##</sup>	7,155,391	6.24	-	7,405,391 <sup>#</sup>	4.94	-

## Notes:

<sup>^</sup> Based on the enlarged share capital of 114,616,000 Shares after the Acquisitions but before the Public Issue.

<sup>\*</sup> Based on the enlarged share capital of 150,000,000 Shares after the Acquisitions and Public Issue.

<sup>#</sup> Assuming full subscription of the Pink Form Tranche allocation.

<sup>π</sup> Assuming full subscription of the Offer for Sale Shares of the respective parties.

<sup>\*\*</sup> Deemed interested by virtue of his spouse shareholdings pursuant to Section 6A of the Act.

<sup>^^</sup> Less than 0.01%.

<sup>##</sup> Pursuant to the IPO, they will cease to be a substantial shareholder in our Group.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (*Cont'd*)

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### 8.1.2 Profile of Promoters and/or Substantial Shareholders

**Ker Min Choo**, Malaysian, aged 51  
Promoter, Substantial Shareholder and Managing Director

Ker Min Choo is our Managing Director. He was appointed to the Board on 9 October 2012 and was one of the founding members of our Group. He is primarily responsible for charting new business development and providing the strategic direction to the Solid Group.

After his secondary education, he joined Tampoi Auto Supply Sdn Bhd in 1979 as a Personal Assistant to his brothers. He then co-founded Solid Corporation (formerly known as Solid Agencies Sdn Bhd) in 1982 and in 1986 he together with his brothers acquired Uni Point (formerly known as Pam Industries Sdn Bhd) to undertake the wholesaling of various aftermarket branded automotive electrical parts in Johor. Subsequently in 1991, he together with his brothers acquired Auto Empire (formerly known as Via Gallia Trading (S) Pte Ltd). He and his brothers incorporated Twinco in 1994 and subsequently he co-founded JBS (formerly known as K1S Auto Industries (M) Sdn Bhd) in 2003.

He has extensive experience and in-depth knowledge of the automotive electrical parts trade in Malaysia as well as overseas. He has been actively involved in the automotive aftermarket for electrical parts and components in Malaysia for over 30 years.

He is also the Managing Director of Solid Corporation. His directorships as at LPD and in the last five (5) years in any other companies outside our Group are disclosed in Section 8.2.3 of this Prospectus.

**Ker Mong Keng**, Malaysian, aged 57  
Promoter, Substantial Shareholder and Executive Director

Ker Mong Keng is our Executive Director. He was appointed to the Board on 9 October 2012. He is primarily responsible for overseeing the automotive engine, mechanical and trailer parts division of our Group.

After his secondary education, he began his career in 1972 as a Salesman for Song Hock Auto Spares (Singapore) Company Pte Ltd, a spare parts trading company in Singapore. In 1978, he ventured into the auto parts trading business by establishing Tampoi Auto Supply Sdn Bhd together with his brother, Ker Boon Kee. He played a key role in growing the company by focusing on the marketing and distribution of Mercedes-Benz related auto parts for the commercial vehicle segment. He is also credited with broadening the product range offered by the company by introducing other European and Japanese branded auto parts for the commercial vehicle segment. He co-founded Twinco with his brothers in 1994 to take over the entire commercial vehicle parts business from Tampoi Auto Supply Sdn Bhd. He has extensive exposure in the industry from his experience in the local automotive aftermarket for parts and components used in commercial and heavy-duty vehicles. He was instrumental in building up the network of suppliers and customers particularly in East Malaysia for Twinco and Auto Empire.

He is also the Managing Director of Twinco and Auto Empire. His directorships as at LPD and in the last five (5) years in any other companies outside our Group are disclosed in Section 8.2.3 of this Prospectus.

**Ker Meng Oi**, Malaysian, aged 49  
Promoter, Substantial Shareholder and Executive Director

Ker Meng Oi is our Executive Director. He was appointed to the Board on 9 October 2012.

He is also the Regional Sales and Administration Manager of Solid Corporation. He is primarily responsible for overseeing the sales administration function for the Malaysian market, business development as well as the day-to-day running of the operations at the Kuala Lumpur, Klang, Ipoh, Butterworth and Malacca-branches of Solid Corporation.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (*Cont'd*)

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He graduated from Boise State University, USA with a Bachelor of Business Administration in 1986. Upon his graduation, he worked at Tampoi Auto Supply Sdn Bhd in Johor, Malaysia as an Admin Assistant. After a brief stint at Tampoi Auto Supply Sdn Bhd, he left for Japan in 1987 to pursue Japanese studies and worked as a Store Assistant on a part-time basis in a Tokyo-based automotive parts manufacturing company, Gen Trading.

He returned to Malaysia in 1989 and joined Solid Corporation as a Sales Administrative Executive during the same year. He was promoted to the position of Branch Manager of Kuala Lumpur in 1993 and currently, he is the Regional Sales and Administrative Manager, a position he has held since 2012.

He is also a Director of JBS. His directorships as at LPD and in the last five (5) years at any other companies outside our Group are disclosed in Section 8.2.3 of this Prospectus.

**Ker Soo Ha**, Malaysian, aged 59  
Promoter

Ker Soo Ha is our Promoter. She is the Senior Finance Executive for Twinco and is responsible for the finance and payments function.

After her secondary education in 1971, she did various administrative jobs on a part time basis. In 1972, she joined Magnum Corporation Sdn Bhd, Tampoi outlet as counter sales and admin clerk. In 1979 she left to join Tampoi Auto Supply Sdn Bhd as Administrative Assistant.

In 1982 she joined Solid Corporation as Treasury Assistant and took over the treasury function at Twinco when it was incorporated in 1994 as part of her responsibilities for the Group companies.

In 2011, she was promoted to Senior Finance Executive in Twinco. She is also a Director of Tampoi Auto Supply Sdn Bhd, Uni Point and J.B. Spark Corporation Sdn Bhd and a partner in Bowater Agency.

**Kek Kok Swee**, Malaysian, aged 59  
Independent Non-Executive Director

Kek Kok Swee is our Independent Non-Executive Director. He was appointed to the Board on 9 October 2012.

He holds a Bachelor's Degree in Commerce and Administration from Victoria University of Wellington, New Zealand in 1977. He is also a member of the Institute of Chartered Accountants New Zealand since 1978 and a member of the Malaysian Institute of Accountants since 1982.

He started his career as an Accountant for BNZ Finance Ltd in New Zealand in 1978. In 1979, he left his job in New Zealand and returned to Malaysia to join OCBC Finance Sdn Bhd as a Credit Officer. In 1980, he served as a Group Financial Controller for Tampoi Auto Group of Companies until 1985. He then joined NKR Continental Pte Ltd in Singapore as a Group Accountant before leaving in 1986. In 1987, he was appointed as the Managing Director of Ocean Front Pte Ltd. He returned to Malaysia in 1990 to become the Executive Director of Lien Hoe Corporation Berhad, a position he held until 2001.

He was an Independent Non-Executive Director of United Kotak Berhad from 2001 to 2011. He is also a substantial shareholder of Solid Corporation. His directorships as at LPD and in the last five (5) years in any other companies outside our Group are disclosed in Section 8.2.3 of this Prospectus.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 8.1.3 Changes in Promoters and/or Substantial Shareholders' Shareholdings since Incorporation

Save as disclosed below, there has been no change in the shareholdings of our Promoters and/or substantial shareholders in our Company since incorporation up to the date of this Prospectus:

Name	Date of Acquisition	Direct		Indirect	
		No. of Shares Acquired	Cumulative No. of Shares	No. of Shares Acquired	Cumulative No. of Shares
<b>Promoters and Substantial Shareholders</b>					
Ker Min Choo	13 June 2013	40,450,113	40,450,113	354,546 <sup>(1)</sup>	354,546 <sup>(1)</sup>
Ker Mong Keng	13 June 2013	41,725,075	41,725,075	-	-
Ker Meng Oi	13 June 2013	9,034,041	9,034,041	-	-
Ker Soo Ha <sup>##</sup>	13 June 2013	8,718,488	8,718,488	-	-
<b>Other Substantial Shareholder</b>					
Kek Kok Swee <sup>##</sup>	13 June 2013	7,155,391	7,155,391	-	-

**Notes:**

<sup>(1)</sup> Deemed interest by virtue of his spouse shareholding pursuant to Section 6A of the Act.

<sup>##</sup> Pursuant to the IPO, they will cease to be a substantial shareholder in our Group.

## 8.2 BOARD OF DIRECTORS

### 8.2.1 Profile

The profiles Ker Min Choo, Ker Mong Keng, Ker Meng Oi and Kek Kok Swee are set out in Section 8.1.2 of this Prospectus.

**Chee Ho Chun**, Malaysian, aged 51  
Independent Non-Executive Chairman

Chee Ho Chun is our Independent Non-Executive Chairman. He was appointed to the Board on 9 October 2012.

He obtained a Bachelor's Degree in Business Law from London Guildhall University in 1987. He was called to the Malaysian Bar in 1988. He is a Certified Member of the Financial Planning Association of Malaysia since 2002.

He began his career in 1988 as an Advocate & Solicitor for a legal firm, Nik Hussain & Partners. In 1991, he left to join Moi N K Koh & Chee as a Partner of the legal firm. After spending 19 years there, he left in 2010 to establish his own business and legal advisory firm, LB Advisory.

He was the Independent Non-executive Director of Daibochi Plastics & Packaging Industries Berhad from 2005 to 2012 and was a Director of Kevinjay Corporate Advisory Sdn Bhd in 2008. Besides that, he is also a Director of MKC Corporate Advisory Sdn Bhd since 2007 and a Director of Metahub Industries Sdn Bhd since 2011. His directorships as at the LPD and in the last five (5) years at any other companies outside our Group are disclosed in Section 8.2.3 of this Prospectus.

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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**Ong Kheng Swee**, Malaysian, aged 54  
Executive Director

Ong Kheng Swee is our Executive Director and Chief Financial Officer. He is a Director since incorporation of our Company on 12 September 2012. He is primarily responsible for the corporate, finance and accounting functions of our Group.

He obtained his professional accounting qualification from the Association of Chartered Certified Accountants of UK in 1990. He has been a member of the Malaysian Institute of Accountants since 1993 and a fellow member of the Malaysian Institute of Taxation since 2000.

He began his career as a Audit Assistant at a major international accounting firm, Kassim Chan & Co (now known as Deloitte KassimChan) in 1981 before leaving in 1984 to join another major international accounting firm, KPMG Peat Marwick (now known as KPMG) as a Senior Audit Assistant and was subsequently promoted to Assistant Manager in 1990. He left KPMG to join a petrochemical company, Titan Himont Polymers (M) Sdn Bhd as an Accounting Manager in 1990 and was promoted to Assistant Financial Controller in 1993. He left in 1993 to take up overseas appointment from 1994 to 1995 namely as the Senior Accountant of a large Indonesian timber and plantations group, PT Batasan in Jakarta, Indonesia, subsequently as a Group Finance Manager in Koda Woodcraft Sdn Bhd, and later, as a Finance and Administration Manager (Asia Pacific) of a Thai costume jewellery manufacturer, Soleil Trading (M) Sdn Bhd based in Malaysia. He returned to Malaysia in late 1995 to take up the position of Financial Controller at a ceramic tile manufacturing group, Niro Ceramics Sdn Bhd until 1997. He then worked as a management consultant until 1998.

He first joined Solid Group in 1998 as its Group Finance Director. He co-founded JBS and served as a Director from 2003 to 2008. In 2008, he left Solid Group to pursue his interest in consultancy by offering management consultancy services (under his consultancy company, Seven-S Consulting Sdn Bhd). In 2011, he rejoined Solid Corporation as an Executive Director cum Chief Financial Officer and was also appointed as a Director in Twinco. In 2012, he was appointed as a Director in JBS.

He is also the Independent Non-Executive Director of Yi-Lai Berhad and Power Root Berhad, both of which are listed on the Main Market of Bursa Securities. His directorships as at LPD and in the last five (5) years in any other companies outside our Group are disclosed in Section 8.2.3 of this Prospectus.

**Azahar bin Baharudin**, Malaysian, aged 56  
Independent Non-Executive Director

Azahar bin Baharudin is our Independent Non-Executive Director. He was appointed to the Board on 9 October 2012.

He obtained a diploma in Banking Studies from MARA Institute of Technology in 1984. He began his career in 1978 with United Asian Bank Berhad until 1991 when he joined Affin Bank Berhad as an Executive Officer.

In 1992, he was promoted to Head of Credit in the Johor Jaya Branch and subsequently was promoted to Deputy Branch Manager in 1993. In 1994, he was promoted to Branch Manager and worked in the various branches of Affin Bank Berhad in Johor until 2003 with his last position as the Johor Bahru Business Centre Head.

In 2004, he joined Murni Allianze Consult Sdn Bhd as a Director and shareholder and resigned as a Director in 2008. He was also appointed as an Independent Non Executive Director of SerSol Technologies Berhad in 2004 until his resignation in 2012. He joined Intralink Techno Sdn. Bhd. from 2006 to 2007 as General Manager, Business Development. In 2011, he joined Abdul Rahman Saad Associates as Head of Business Development Unit in Kuala Lumpur until September 2012. In 2011, he was also appointed as an Independent Non-Executive Director of Gromutual Berhad.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

## 8.2.2 Shareholdings

Save for the shareholdings of Ker Min Choo, Ker Mong Keng, Ker Meng Oi and Kek Kok Swee which are set out in Section 8.1.1 of this Prospectus, the shareholdings of our Directors in our Company before and after our IPO are as follows:

Name	Designation	Nationality	Before IPO <sup>^</sup>			After IPO <sup>*</sup>		
			Direct	Indirect	% held	Direct	Indirect	% held
			No. of Shares held	No. of Shares held	% held	No. of Shares held	No. of Shares held	% held
Chee Ho Chun	Independent Non-Executive Chairman	Malaysian	-	-	-	100,000	-	0.07
Ong Kheng Swee	Executive Director	Malaysian	514,486	-	0.45	4,064,486 <sup>#</sup>	-	2.71
Azahar bin Baharudin	Independent Non-Executive Director	Malaysian	-	-	-	100,000	-	0.07

## Notes:

<sup>^</sup> Based on the enlarged share capital of 114,616,000 Shares after the Acquisitions but before the Public Issue.

<sup>\*</sup> Based on the enlarged share capital of 150,000,000 Shares after the Acquisitions and Public Issue.

<sup>#</sup> Assuming full subscription of the Pink Form Tranche allocation.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

## 8.2.3 Principal Activities Performed Outside Our Group

Save as disclosed below, none of our Directors has any directorships and/or principal activities performed outside of our Group for the past five (5) years prior to the LPD:

Name	Directorships	Principal Activities	Involvement in Business Activities Other than as a Director
Chee Ho Chun	<p><b>Present Directorships</b>  Exceland Properties Sdn Bhd  Excelbond Metal Recycling Industries Sdn Bhd  Kevinjay Corporate Advisory Sdn Bhd  LB Advisory Sdn Bhd  Metahub Industries Sdn Bhd</p> <p>Metaland Properties Sdn Bhd  MKC Corporate &amp; Business Advisory Sdn Bhd  Serindit Sports Sdn Bhd  Enviro-Power Pte Ltd  Enviro Restorer SRL</p> <p><b>Previous Directorships for the past five (5) years</b>  Better Worldwide Limited (Deregistered on 14 May 2010)  Daibochi Plastic and Packaging Industry Berhad (Resigned on 1 March 2012)  EW Elements Sdn Bhd  Mecommas Holdings Sdn Bhd (Resigned on 8 July 2011)  Meriahitek (M) Sdn Bhd (Resigned on 8 May 2012)  Economic View Sdn Bhd (Resigned on 10 January 2013)  H.C. Chee Brothers Piling &amp; Construction Sdn Bhd (Resigned on 30 November 2012)</p>	<p>Investment in properties  Processing and sale of production waste and electronic scrap  Dormant  Provision of consultancy and advisory services  Metal recycling, recovery and reprocessing of precious metal from production waste and electronic scrap  Investment in properties  Property investment holding  Investment holdings  Dormant  Dormant</p> <p>Deregistered  Manufacture and printing of plastic bags and packaging materials and property development  Struck-off  Property development and management  Trading of recycled electrical and electronic parts and scrap metals  Provision of professional consultancy and trading services in business process design, procedures development and documentation  Piling and civil construction contractors</p>	Nil

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Directorships	Principal Activities	Involvement in Business Activities Other than as a Director
Ker Min Choo	<p><b>Present Directorships</b>  Broadway Lancer Sdn Bhd  Chuan Soon Forwarding Sdn Bhd  JBS Auto-Tech Trading &amp; Services Sdn Bhd  Solid Wire &amp; Cable Sdn Bhd  Tampoi Auto Supply Sdn Bhd</p> <p>Tropical Advance Sdn Bhd  UTS Management Services Sdn Bhd  Project Distant Sdn Bhd</p> <p><b>Previous Directorships for the past five (5) years</b>  Cycle Vision Sdn Bhd (Resigned on 14 April 2012)  J.B. Spark Corporation Sdn Bhd (Resigned on 24 April 2012)  Jotang Holdings Sdn Bhd (Resigned on 14 April 2012)  Jotang Wires &amp; Cables Sdn Bhd (In liquidation)*  Lucky Exports (M) Sdn Bhd (Resigned on 25 October 2010)  PAM Machinery Components (M) Sdn Bhd (Resigned on 24 September 2010)  Solid Corporation (K.L.) Sdn Bhd (Resigned on 14 April 2012)  SPK Associates Sdn Bhd (Resigned on 14 April 2012)</p>	<p>Investment holding  Transport and forwarding  Investment holding  Property investment  Owning and managing properties for rental and investment holding company  Plantation holder  Investment holding  Property investment</p> <p>Dormant  Ceased operation  Investment holding  Manufacture of wires and cables (In liquidation)  Investment holding  Auto spare parts and machinery components  Dormant  Investment holding</p>	Nil
Ker Mong Keng	<p><b>Present Directorships</b>  Cycle Vision Sdn Bhd  J.B. Spark Corporation Sdn Bhd  KIS (Malaysia) Sdn Bhd  Solid Wire &amp; Cable Sdn Bhd  Tampoi Auto Supply Sdn Bhd</p>	<p>Dormant  Ceased operation  Investment holding and property letting  Property investment  Owning and managing properties for rental and investment holding company</p>	Nil



## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Directorships	Principal Activities	Involvement in Business Activities Other than as a Director
Ong Kheng Swee	<p><b>Previous Directorships for the past five (5) years</b>  Solid Corporation (K.L.) Sdn Bhd (Resigned on 21 May 2012)  Stasco Sdn Bhd (Resigned on 21 May 2012)  UTS Management Services Sdn Bhd (Resigned on 14 May 2008)</p> <p><b>Present Directorships</b>  Ascella Consulting Sdn Bhd</p> <p>Chuan Soon Forwarding Sdn Bhd  Power Root Berhad</p> <p>Rigel Consulting Sdn Bhd</p> <p>Seven-S Consulting Sdn Bhd</p> <p>Yi-Lai Berhad</p> <p><b>Previous Directorships for the past five (5) years</b>  IlustWannaRead Sdn Bhd (Resigned on 22 December 2010)  J.B. Spark Corporation Sdn Bhd (Resigned on 13 June 2008)  One Pagoh Logistic Sdn Bhd (Resigned on 25 June 2010)  One Pagoh Resources Sdn Bhd (Resigned on 25 June 2010)  UTS Management Services Sdn Bhd (Resigned on 14 May 2008)</p>	<p>Dormant  Dormant  Investment holding</p> <p>Business as consultants and advisors on chemicals, paints, coatings, process equipment or technology research or review issues of technical, commercial or corporate nature and render appropriate services or expertise investment  Transport and forwarding  Investment holding. Through its subsidiary companies, it is principally involved in the manufacturing and distribution of beverage products  Provision of bookkeeping services, investment and other financial consultancy services  Provision of consultancy and general insurance agency services  Investment holding. Through its subsidiary companies, it is principally involved in the manufacturing and sales of tiles</p> <p>Booksellers, tuition centres and management services  Ceased operation  Dormant  Dormant  Investment holding</p>	Nil

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Directorships	Principal Activities	Involvement in Business Activities Other than as a Director
Ker Meng Oi	<p><b>Present Directorships</b></p> <p>Nil</p> <p><b>Previous Directorships for the past five (5) years</b></p> <p>Bronco Trading (SA 0055759P) (Ceased operation in 28 May 2009)</p> <p>Daya Moden Sdn Bhd (Struck off on 27 March 2008)</p> <p>Innopath Construction Sdn Bhd (Resigned on 6 September 2012)</p> <p>Solid Corporation (K.L.) Sdn Bhd (Resigned on 21 May 2012)</p> <p>Total Integral Resources Sdn Bhd (Struck off on 3 September 2010)</p>	<p>Ceased operations</p> <p>Struck off</p> <p>Dormant</p> <p>Dormant</p> <p>Struck off</p>	<p>Bowater Agency (Partner)</p> <p>(Principal Activities: General agents for insurance)</p>
Kek Kok Swee	<p><b>Present Directorships</b></p> <p>Easternunion (2002) Pte Ltd</p> <p>Taman Tasik Gemilang Sdn Bhd</p> <p>Taman Tasik Prima Sdn Bhd</p> <p>Ultimate Gateway Sdn Bhd</p> <p>All Poinis View Sdn Bhd</p> <p><b>Previous Directorships for the past five (5) years</b></p> <p>Christine Foundation (Struck off on 8 July 2010)</p> <p>Mulphex Sdn Bhd (Struck off on 3 January 2008)</p> <p>United Kotak Berhad (Resigned on 17 February 2011)</p> <p>Hallins Development Ltd (Resigned on 8 October 2012)</p> <p>Ocean Front Pte Ltd (Resigned on 8 October 2012)</p> <p>Singapore Banking Corporation Limited (Resigned on 11 June 2012)</p>	<p>Investment holdings</p> <p>To carry on the business of housing developers, contractors and trading in building materials</p> <p>Investment development company</p> <p>Letting of property for rental</p> <p>Property development</p> <p>Struck off</p> <p>Struck off</p> <p>Manufacturing and sales of corrugated cartons and board</p> <p>Investment holdings</p> <p>Property development</p> <p>Providing banking and related financial services in Cambodia</p>	<p>Nil</p>
Azahar bin Baharudin	<p><b>Present Directorships</b></p> <p>Gromutual Berhad</p>	<p>Investment holdings, provision of management services to subsidiary companies. Through its subsidiary companies, it is principally involved in property development and investment.</p>	<p>Nil</p>

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Directorships	Principal Activities	Involvement in Business Activities Other than as a Director
Azahar bin Baharudin (cont'd)	<p><i>Previous Directorships for the past five (5) years</i></p> <p>SerSol Technologies Berhad (Resigned on 25 June 2012)</p>	<p>Engaged in the business of investment holding and the provision of management services. Through its subsidiary companies, it is principally involved in manufacturing and sales of coatings, thinners, industrial chemicals and trading of metal products.</p> <p>Dormant</p> <p>Provision of management consultancy services</p>	
	<p>Imbasan Niaga Sdn Bhd (Dissolved on 6 November 2008)</p> <p>Murni Alliance Consult Sdn Bhd (Resigned on 20 November 2008)</p>		

Note:  
\*

As at the LFD, the company is currently being liquidated and this has the effect of dismissing the Directors' power of management in the company.

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## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 8.2.4 Directors' Remuneration and Material Benefits-in-Kind

The current remunerations and proposed remunerations for services rendered/to be rendered by our Directors in all capacities to our Group for the FYE 30 April 2013 and the FYE 30 April 2014 respectively are as follows:

Director	Compensation Band (RM)	
	FYE 30 April 2013	FYE 30 April 2014
Chee Ho Chun	0 – 50,000	0 – 50,000
Ker Min Choo	500,001 – 550,000	500,001 – 550,000
Ker Mong Keng	500,001 – 550,000	500,001 – 550,000
Ong Kheng Swee	250,001 – 300,000	250,001 – 300,000
Ker Meng Oi	300,001 – 350,000	300,001 – 350,000
Kek Kok Swee	0 – 50,000	0 – 50,000
Azahar bin Baharudin	0 – 50,000	0 – 50,000

The above remunerations, which comprise salaries, incentives, bonuses, fees, allowances and other benefits-in-kind must be considered and recommended by the Remuneration Committee and subsequently approved by our Board. Our Directors' fees and incentives must be further approved or endorsed by our shareholders at a general meeting.

### 8.2.5 Directors' Term of Office

Our Directors were appointed to the Board and have served in their respective capacities since the dates set out in Sections 8.1.2 and 8.2.1 of this Prospectus. Our Board comprises four (4) Executive Directors and three (3) Independent Non-Executive Directors and their respective terms of office are as follows:

Name	Designation	Expiration of Term of Office
Chee Ho Chun	Independent Non-Executive Chairman	^
Ker Min Choo	Managing Director	^
Ker Mong Keng	Executive Director	^
Ong Kheng Swee	Executive Director	^
Ker Meng Oi	Executive Director	^
Kek Kok Swee	Independent Non-Executive Director	^
Azahar bin Baharudin	Independent Non-Executive Director	^

**Note:**

*In accordance with Article 106 of our Articles of Association on Retirement of Directors:*

(a) *An election of Directors shall take place each year.*

(b) *At the first annual general meeting of the Company all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one-third of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third, shall retire from office PROVIDED ALWAYS that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.*

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (*Cont'd*)

- (c) *The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.*

### 8.3 AUDIT, NOMINATION AND REMUNERATION COMMITTEES

#### 8.3.1 Audit Committee

Our Audit Committee was established on 22 October 2012. Members of our Audit Committee are as follows:

Name	Designation	Directorship
Azahar bin Baharudin	Chairman	Independent Non-Executive Director
Chee Ho Chun	Member	Independent Non-Executive Chairman
Kek Kok Swee	Member	Independent Non-Executive Director

The principal objective of the Audit Committee is to implement and support the oversight function of the Board. It provides a means for review of our Group's processes for producing financial data, its internal controls, corporate code of conduct, the independence of our Group's external auditors, and maintain an open line of communication and consultation between our Board, the internal auditors, the external auditors and our key management. Our Audit Committee performs, among others, the following functions:

- (i) Review with our external auditor the audit report and the corrective actions arising from external audit findings;
- (ii) Review our quarterly and annual financial statements before submission to our Board, focusing in particular on, amongst other, significant changes and adjustments in preparation and presentation of financial statements, material fluctuations with regard to position and result as reflected in the financial statements and compliance with accounting standards, regulatory and other legal requirements;
- (iii) Review matters concerning the suitability for appointment or reappointment of external auditors and matters relating to their resignation;
- (iv) Review any related party transactions to be entered into by our Group and any conflict of interest situations that may arise within our Group; and
- (v) Review with our internal auditor their evaluation of the system of internal controls, which include amongst others, the financial and operational controls.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (*Cont'd*)

### 8.3.2 Nomination Committee

Our Nomination Committee was established on 22 October 2012. Members of our Nomination Committee are as follows:

Name	Designation	Directorship
Chee Ho Chun	Chairman	Independent Non-Executive Chairman
Kek Kok Swee	Member	Independent Non-Executive Director
Azahar bin Baharudin	Member	Independent Non-Executive Director

Our Nomination Committee's terms of reference include, amongst others, the following:

- (i) Identify and recommend to our Board, candidates for directorships of our Company and Directors as members of the relevant Board committees;
- (ii) Evaluate the effectiveness of the Board and Board Committees (including its size and composition) and the contribution of each individual Director including independent non-Executive Directors; and
- (iii) Review annually the required mix of skills and experience and other qualities of the Board, including the core competencies which Directors should bring to the Board.

### 8.3.3 Remuneration Committee

Our Remuneration Committee was established on 22 October 2012. Members of our Remuneration Committee are as follows:

Name	Designation	Directorship
Kek Kok Swee	Chairman	Independent Non-Executive Director
Chee Ho Chun	Member	Independent Non-Executive Chairman
Ker Min Choo	Member	Managing Director

Our Remuneration Committee's terms of reference include, amongst others the following:

- (i) Review and recommend the entire individual remuneration packages for each of the Executive Directors and key management to ensure the levels of remuneration be sufficiently attractive and be able to retain the Executive Directors and key management needed to run our Group successfully;
- (ii) Ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration forming a significant proportion of the total remuneration package of Executive Directors and key management; and
- (iii) Establish and recommend to the Board the remuneration structure and policy for Executive Directors and key management; the terms of employment or contract of employment/service, any benefit, pension or incentive scheme entitlement; other bonuses, fees and expenses; any compensation payable on the termination of the service contract by our Group and to review for changes to the policy, as necessary.

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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**8.4 KEY MANAGEMENT**

**8.4.1 Profile**

**Eng Choon Kwang**, Malaysian, aged 50  
Regional Sales and Marketing Manager - Solid Corporation

Eng Choon Kwang is the Regional Sales and Marketing Manager for Solid Corporation. He is primarily responsible for implementing the company's local sales and marketing strategies as well as spearheading the company's domestic business expansion plans via setting up branch offices and expanding the company's customer base throughout Malaysia.

He obtained a Diploma in Electrical Maintenance from University of Feng Chia, Taiwan in 1983. After the completion of his study, he began his career in 1984 as a Salesman with Tai Thong Wine Traders Pte Ltd in Singapore. He left the company in 1986 to join Uni Point as a Sales Executive. He is also a Director in Uni Point since 1986. In 1997, he was appointed as a Director in HKT. He was promoted to the position of Sales Manager in 1998 in Solid Corporation. In 2009, he was promoted to the position of Regional Sales and Marketing Manager.

**Lee Heng Haw**, Malaysian, aged 51  
Executive Director and Sales Manager

Lee Heng Haw is the Executive Director and Sales Manager of Uni Point. He is primarily responsible for the sales function of Uni Point.

After his secondary education, he joined Seng Swee Construction Sdn Bhd in 1981 as a Foreman. From 1984 to 1986, he worked in his family's business. He joined Uni Point in 1986 as a Sales Executive cum Director. He was also appointed as a Director of HKT in 1997.

**Ker Keddy**, Malaysian, aged 32  
General Manager

Ker Keddy is the General Manager of Twinco. He is primarily responsible for the day-to-day running of Twinco's operations.

He obtained a Bachelor's degree in Management from the University of Kinki, Japan in 2006. He began his career in 2006 as an Overseas Business Development Personnel for transcosmos Inc., an information technology company listed on the Tokyo Stock Exchange., He was mainly involved in the business development, merger and acquisition activities undertaken by transcosmos Inc. in the Chinese market. He was with the company for two (2) years before returning to Malaysia to take up the position of Assistant Manager of Twinco in 2008. He was subsequently promoted to the position of General Manager of Twinco in 2010.

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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**Ong Pang Boon**, Malaysian, aged 38  
Executive Director and Factory Manager

Ong Pang Boon is the Executive Director and Factory Manager of JBS. He is also one of the founders of JBS.

After his secondary education, he joined an automotive parts and components rebuilding and remanufacturing company, Everspark Industries Sdn Bhd in 1991 as a Production Trainee. He was subsequently promoted to a Production Supervisor in 1994. From 1997 to 1999, he assumed the role of Manager in charge of the production operation of the company. In 1999, he left Everspark Industries Sdn Bhd to start his own company, Tomodachi Recond Trading which was principally involved in the trading and repair of automotive spare parts. In 2003, he transferred the entire business of Tomodachi Recond Trading to KIS Auto Industries (M) Sdn Bhd (now known as JBS), a company that he established together with Solid Corporation, Ker Min Choo and Ong Kheng Swee. He was designated as Factory Manager with the responsibility of managing the entire JBS's remanufacturing operations. He was appointed as an Executive Director of JBS in 2010.

**Yong Kok Jin**, Malaysian, aged 35  
Group Accountant

Yong Kok Jin is the Group Accountant of Solid. He is primarily responsible for the financial and accounting functions of the Group.

He obtained his professional accounting qualification from the Association of Chartered Certified Accountants in 2004. He has been a member of the Malaysian Institute of Accountants since 2005.

He has over 12 years of audit and accounting experience. He had held various audit and accounting related positions prior to joining the Group as Group Accountant in 2010. He started his career as an Audit Junior for Diong TP & Co. Johor Bahru in 2000. In 2003, he joined Yeo & Associates in Johor Bahru as Audit Senior before leaving to join Altum Precision Sdn Bhd as an Accountant in 2006. In 2007, he joined MTP Engineering Sdn Bhd as an Accountant, and later, Delfi Cocoa Sdn Bhd in 2008 as a Senior Accountant. He left the company in 2010 to join Solid Corporation as the Group Accountant.

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## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

## 8.4.2 Shareholdings

The shareholdings of our key management before and after our IPO are as follows:

Name	Designation	Nationality	Before IPO <sup>^</sup>			After IPO <sup>*</sup>			
			Direct No. of Shares held	% held	Indirect <sup>^</sup> No. of Shares held	Direct No. of Shares held	% held	Indirect <sup>*</sup> No. of Shares held	
Eng Choon Kwang	Regional Sales and Marketing Manager - Solid Corporation	Malaysian	1,047,523	0.91	-	-	1,985,023 <sup>#</sup>	1.32	-
Lee Heng Haw	Executive Director and Sales Manager - Uni Point	Malaysian	1,047,523	0.91	-	-	1,985,023 <sup>#</sup>	1.32	-
Ker Keddy	General Manager - Twinceo	Malaysian	-	-	-	-	187,500 <sup>#</sup>	0.13	-
Ong Pang Boon	Executive Director and Factory Manager - JBS	Malaysian	-	-	-	-	375,000 <sup>#</sup>	0.25	-
Yong Kok Jin	Group Accountant	Malaysian	-	-	-	-	187,500 <sup>#</sup>	0.13	-

## Notes:

<sup>^</sup> Based on the enlarged share capital of 114,616,000 Shares after the Acquisitions but before the Public Issue.

<sup>\*</sup> Based on the enlarged share capital of 150,000,000 Shares after the Acquisitions and Public Issue.

<sup>#</sup> Assuming full subscription of the Pink Form Tranche allocation.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (*Cont'd*)

### 8.5 INVOLVEMENT OF EXECUTIVE DIRECTORS/KEY MANAGEMENT IN OTHER BUSINESSES OR CORPORATIONS

As at the LPD and save as disclosed below, none of the Executive Directors and/or key management of our Group is involved in other businesses or corporations.

#### (a) Ker Min Choo

Name of Company	Position (Director/ Shareholder)	Principal Activities of Company / Nature of Business
Broadway Lancer Sdn Bhd	Director/ Shareholder	Investment holding
Chuan Soon Forwarding Sdn Bhd	Director/ Shareholder	Transport and forwarding
JBS Auto-Tech Trading & Services Sdn Bhd	Director/ Shareholder	Investment holding
J.B. Spark Corporation Sdn Bhd	Shareholder	Ceased operation
Jotang Wires & Cables Sdn Bhd*	Shareholder	Manufacture of wires and cables
Solid Wire & Cable Sdn Bhd	Director/ Shareholder	Property investment
Tampoi Auto Supply Sdn Bhd	Director/ Shareholder	Owning and managing properties for rental and investment holding company
Tropical Advance Sdn Bhd	Director/Shareholder	Plantation holder
UTS Management Services Sdn Bhd	Director/Shareholder	Investment holding
KIS (Malaysia) Sdn Bhd	Shareholder	Investment holding and property letting
Project Distant Sdn Bhd	Director/Shareholder	Investment holding/ property investment

*Note:*

\* As at the LPD, the company is currently being liquidated and this has the effect of dismissing the Directors' power of management in the company.

His involvement in the above companies does not require much of his time as he is not involved in the day-to-day operations of the above companies. As such, his involvement in the abovementioned companies does not affect his contribution to our Group or negatively impact his ability to act as the Managing Director of our Group.

#### (b) Ker Mong Keng

Name of Company	Position (Director/ Shareholder)	Principal Activities of Company / Nature of Business
Cycle Vision Sdn Bhd	Director/Shareholder	Dormant
J.B. Spark Corporation Sdn Bhd	Director /Shareholder	Ceased operation
KIS (Malaysia) Sdn Bhd	Director/Shareholder	Investment holding and property letting
Jotang Wires & Cables Sdn Bhd*	Shareholder	Manufacture of wires and cables
Solid Wire & Cable Sdn Bhd	Director/Shareholder	Property investment
Tampoi Auto Supply Sdn Bhd	Director/Shareholder	Owning and managing properties for rental and investment holding company
AKE Hydraulic Parts Mfg. Sdn Bhd	Shareholder	Investment holding
Berakat Sabar Holdings Sdn Bhd	Shareholder	Investment holding

*Note:*

\* As at the LPD, the company is currently being liquidated.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

His involvement in the above companies does not require much of his time as he is not involved in the day-to-day operations of the above companies. As such, his involvement in the abovementioned companies does not affect his contribution to our Group or negatively impact his ability to act as the Executive Directors of our Group.

### (c) Ong Kheng Swee

Name of Company	Position (Director/ Shareholder)	Principal Activities of Company / Nature of Business
Ascella Consulting Sdn Bhd	Director/ Shareholder	Business as consultants and advisors on chemicals, paints, coatings, process equipment or technology research or review issues of technical, commercial or corporate nature and render appropriate services or expertise investment
Chuan Soon Forwarding Sdn Bhd	Director/ Shareholder	Transport and forwarding
J.B. Spark Corporation Sdn Bhd	Shareholder	Ceased operation
Jotang Wires & Cables Sdn Bhd*	Shareholder	Manufacture of wires and cables
Power Root Berhad	Director	Investment holding. Through its subsidiary companies, it is principally involved in the manufacturing and distribution of beverage products
Rigel Consulting Sdn Bhd	Director/ Shareholder	Provision of bookkeeping services, investment and other financial consultancy services
Seven-S Consulting Sdn Bhd	Director/ Shareholder	Provision of consultancy and general insurance agency services
Yi-Lai Berhad	Director	Investment holding. Through its subsidiary companies, it is principally involved in the manufacturing and sales of tiles

Note:

\* As at the LPD, the company is currently being liquidated.

His involvement in the above companies does not require much of his time as he is not involved in the day-to-day operations of the above companies. As such, his involvement in the abovementioned companies does not affect his contribution to our Group or negatively impact his ability to act as the Executive Directors of our Group.

### (d) Ker Meng Oi

Name of Company / Business	Position (Director/ Shareholder)	Principal Activities of Company / Nature of Business
Bowater Agency	Partner	General agents for insurance
Solid Wire & Cable Sdn Bhd	Shareholder	Property investment
Tampoi Auto Supply Sdn Bhd	Shareholder	Owning and managing properties for rental and investment holding company

His involvement in the above partnership and companies does not require much of his time as he is not involved in the day-to-day operations of the above companies. As such, his involvement in the abovementioned companies does not affect his contribution to our Group or negatively impact his ability to act as the Executive Directors of our Group.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

### (e) Ker Keddy

Name of Company	Position (Director/ Shareholder)	Principal Activities of Company / Nature of Business
SPK Associates Sdn Bhd	Director/ Shareholder	Property investment

His involvement in the above company does not require much of his time as he is not involved in the day-to-day operations of the above company. As such, his involvement in the abovementioned company does not affect his contribution to our Group or negatively impact his ability to act as a member of our Group's key management.

## 8.6 DECLARATIONS BY PROMOTERS, DIRECTORS AND KEY MANAGEMENT

Based on the declarations by our Promoters, Directors and key management, none of our Promoters, Directors and key management is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) Disqualification from acting as a director of any corporation, or from taking part directly or indirectly in the managing of a corporation;
- (iii) Charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) Any judgement entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) The subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

## 8.7 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no family relationships (as defined under Section 122A of the Act) or associations amongst the Directors, Promoters, the substantial shareholders and the key management:

- (i) Ker Min Choo, Ker Mong Keng, Ker Meng Oi and Ker Soo Ha are siblings; and
- (ii) Ker Keddy is the nephew of Ker Min Choo, Ker Mong Keng, Ker Meng Oi and Ker Soo Ha.

## 8.8 BENEFITS PAID OR INTENDED TO BE PAID

Save as the Directors' remunerations as disclosed in Section 8.2.4, the dividend payments as disclosed in Section 5.4 and Section 13 of this Prospectus, there is no amount or benefit paid or intended to be paid or given to any of our Promoters, Directors or substantial shareholders within the two (2) years preceding the date of this Prospectus.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 8.9 AGREEMENTS WITH DIRECTORS AND KEY MANAGEMENT

As at the LPD, there are no existing or proposed service agreements between the companies within our Group and our Directors, key management, which are not terminable by notice without payment or compensation (other than statutory notice).

### 8.10 INFORMATION ON EMPLOYEES

#### 8.10.1 Employment Structure

As at the LPD, our Group has a total workforce of 267 employees. The breakdown of our employees by category as at FYE 30 April 2010 to 2013 as well as at the LPD is as follows:

Category	Number of Employees				As at the LPD
	As at FYE 30 April				
	2010	2011	2012	2013	
Managerial*	13	12	13	15	15
Sales and marketing	55	62	70	69	66
Technician and supervisor	-	2	8	17	16
Clerical/ administrative	31	35	40	42	44
Production	-	-	-	-	-
General worker (local)	78	80	82	76	81
General worker (foreign)	21	45	39	43	45
Total	198	236	252	262	267

*Note:*

\* Our Directors are included in the managerial category.

There has been no industrial dispute actions taken against our Group and none of our employees are members of any union. In addition, our Group has not encountered any major turnover in our workforce.

Our Group does not have any contractual or temporary employees. Our Group's workforce is all located in Malaysia (Solid Corporation, Twinco, JBS and Uni Point) and Singapore (Auto Empire).

#### 8.10.2 Training and Development

We place a strong emphasis on human capital development. Our employees are given regular on-the-job trainings in areas pertaining to management skills and technical knowledge to provide them with opportunities to acquire new related skills and knowledge. We also provide opportunities for internal promotion as one of the key components of our employees' development and retention.

The following table lists out some of the training and development programmes attended by our employees over the last four (4) years.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Year	Programme	Facilitator/ Organiser
2010	Updates of FRSs 2010 New and Revised FRSs, Amendments, IC Interpretations and the New Bursa Listing Requirements	Malaysian Institute of Accountants
	Corporate Tax Planning – Minimise Tax & Increase Profitability	Malaysian Institute of Accountants
2011	2012 Budget and Tax Planning	Crowe Howarth CPE Sdn Bhd
	New Public Rulings in 2011	Malaysian Institute of Accountants
	Updates of FRSs 2010/2011 New and Revised FRSs, Amendments, IC Interpretations and the New Bursa Listing Requirements	Malaysian Institute of Accountants
	Forklift Operators' & Safety Training	UMW Industries (1985) Sdn Bhd
	The Implementation of ISO 9001:2008	JB-Suria Sdn Bhd
2012	Introduction and Understanding of ISO 9001:2008	JB-Suria Sdn Bhd
	ISO 9001 Internal Audit Awareness Training	JB-Suria Sdn Bhd
	Internal Quality Auditing of ISO 9001:2008	JB-Suria Sdn Bhd
	Budget Seminar	Malaysian Institute of Accountants
	Seminar for Corporate Financial Report	Malaysian Institute of Accountants
	bizSAFE Building Safety and Health Workshop for CEO/ Top Management (bizSAFE Level 1)	Absolute Kinetics Consultancy Pte Ltd
	Fire Drill	Fire and Rescue Department of Malaysia
2013	Annual Human Resource Workshop 2013	Visual Solutions (M) Sdn Bhd
	Taxpayer Education 2013	Inland Revenue Board of Malaysia

### 8.10.3 Management Succession Plan

Our Board believes that the success of our Group depends on the ability and retention of our key management and upon our ability to attract and retain skilled personnel. Therefore, we have made efforts to train our staff and remunerate them accordingly.

Our Group has a management succession plan consisting of:

- (i) Sound recruitment and selection;
- (ii) Competitive remuneration and employee benefits;
- (iii) Structured career planning and development; and
- (iv) Continuous training and education.

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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In addition, we will continue to provide appropriate training to promising junior staff in order to enhance their management and technical skills for the purpose of their career advancement with our Group. As part of the management succession plan, our Group has put in place a process to identify and groom our Group's middle management executives to be the future leaders of our Group. Our Executive Directors and senior management mentors the middle management executives to provide "hands-on" training which facilitate the transfer of skills so as to ensure the smooth running and continuity of the operations of our Group. If the need arises, we will recruit qualified personnel with knowledge and expertise of the business to further enhance our operations.

We believe that our employees are valuable assets to our Group and we provide the necessary training for their future development.

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## 9. APPROVALS AND CONDITIONS

### 9.1 APPROVALS FROM RELEVANT AUTHORITIES

The SC had on 3 May 2013 approved the IPO under Section 214(1) of the CMSA and equity requirement for public companies.

The conditions imposed by the SC for the approval are set out below:

No.	Details on Conditions Imposed		Status of Compliance
(i)	Solid to allocate at least 12.5% of its enlarged issued and paid-up share capital to Bumiputera investors at the point of listing. This includes Solid Shares offered under the balloted public offer portion, of which 50% are to be offered to Bumiputera investors. In the event that MITI is unable to allocate the Solid Shares to Bumiputera investors, the unsubscribed Solid Shares shall be offered to the Bumiputera public investors via balloting.		To be complied.
(ii)	Solid to comply with the following conditions relating to the properties:		
	<b>No.</b>	<b>Property</b>	<b>Conditions of Approval</b>
	1.	No. 5, Jalan Dataran 5, Taman Kempas, 81200 Johor Bahru, Johor Darul Takzim, and No. 7, Jalan Dataran 5, Taman Kempas, 81200 Johor Bahru, Johor Darul Takzim	Solid is to obtain the necessary approval for land amalgamation and to rectify the unapproved structures / extensions within two (2) years from the date of the SC's approval letter.
	2.	No. 17, Jalan Kukuh off Jalan Tampoi, Kawasan Perusahaan Tampoi, Larkin, 80350 Johor Bahru, Johor Darul Takzim	Solid is to rectify the non-compliance relating to the title and unapproved structures/ extensions within twelve (12) months from the date of the SC's approval letter.
	3.	No. 10, Laluan Perusahaan Menglembu 6, Kawasan Perusahaan Menglembu, 31450 Menglembu, Perak Darul Ridzuan	Solid is to rectify all unapproved structures/ extensions within six (6) months from the date of the SC's approval letter.
	4.	No. 30, Persiaran Segambut Tengah, 51200 Kuala Lumpur	Solid is to rectify all unapproved structures/ extensions (if any) within six (6) months from the date of the SC's approval letter.
	Alliance/Solid to make half yearly announcements to Bursa Securities on the remedial actions taken by Solid to comply with the above conditions.		To be complied.
(iii)	Alliance/Solid to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the proposed Listing.		To be complied.



## 9. APPROVALS AND CONDITIONS

The SC, via its letter dated 3 May 2013, also noted that the effective equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change arising from the Listing as follows:

Category of shareholders	Before IPO %	After IPO %
Bumiputera	-	12.50*
Non-Bumiputera	100.00	87.50
Foreign	-	-
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

**Note:**

\* Consisting of 3,750,000 Public Issue Shares representing 2.50% of our enlarged issued and paid-up share capital will strictly be made available to Bumiputera investors via balloting and 15,000,000 MITI Tranche, representing 10.00% of our enlarged issued and paid-up share capital.

Bursa Securities had on 10 July 2013 approved our admission to the Official List of the Main Market and the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market.

The approval from Bursa Securities is subject to the following conditions:

No.	Details on Conditions Imposed	Status of Compliance
(i)	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements; and	To be complied.
(ii)	Furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire enlarged issued and paid up share capital of Solid on the first day of Listing	To be complied.

MITI has via letter dated 22 November 2012 taken note of and has no objection to our Listing on the Main Market of Bursa Securities, subject to our Company obtaining the approvals of the SC and Bursa Securities.

## 9. APPROVALS AND CONDITIONS (Cont'd)

## 9.2 MORATORIUM ON SALE OF SHARES

In compliance with the Equity Guidelines of the SC, Shares held by our Promoters at the date of our Listing are required to be placed under moratorium. Moratorium shall be imposed as follows:

Promoters	Shares held under moratorium for the first six (6) months upon Listing	
	No. of Shares held	% held*
Ker Min Choo	40,450,113	26.97
Ker Mong Keng	36,725,075 <sup>π</sup>	24.48
Ker Meng Oi	7,530,541 <sup>π</sup>	5.02
Ker Soo Ha	7,214,988 <sup>π</sup>	4.81
<b>Total</b>	<b>91,920,717</b>	<b>61.28</b>

*Notes:*

<sup>π</sup> Assuming full subscription of the Offer for Sale Shares of the respective parties.

\* Based on our enlarged issued and paid-up share capital after our Public Issue.

Our Promoters have accepted the moratorium and they will not be permitted to sell, transfer or assign any part of its interest in the Shares under moratorium held as at the date of Listing for a six (6) month period beginning from the date of our Listing.

The restriction, which is fully acknowledged by our Promoters, is specifically endorsed on our share certificates representing their shareholdings which are under moratorium to ensure that our Share Registrar will not register any transfer and sale that are not in compliance with the aforesaid restriction imposed.

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## 10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

## 10.1 EXISTING AND PROPOSED RELATED PARTY TRANSACTIONS

Save as disclosed below, our Board confirms that there are no existing or presently proposed related-party transactions entered into between our Group and our Directors, substantial shareholders, key management and/or persons connected with them, during the past four (4) FYE 30 April 2010 to 2013 and forecast for the FYE 30 April 2014:

Related Party	Interested Promoter/Director/Substantial Shareholder	Nature of Relationship	Nature of Transaction	FYE 30 April				
				Actual		Forecast		
				2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Bowater Agency ("Bowater")	Ker Meng Oi (Partner) Ker Soo Ha (Partner)	Ker Meng Oi is our promoter, substantial shareholder and Executive Director  Ker Soo Ha is our promoter.	Provide insurance agency services as well as renewal or application of road tax to Solid Group. As at the LPD, our Group no longer has any business dealings with Bowater.	206	327	231	-	-
Broadway Lancer Sdn Bhd ("Broadway")	Ker Min Choo (Director/Shareholder)	Ker Min Choo is our promoter, substantial shareholder and Managing Director.	Acquired a corner lot one and a half (1 1/2) storey terrace factory from JBS at No.2, Jalan Dataran 3/4, Taman Kempas, Johor Bahru. The disposal price by JBS was based on a valuation of the property conducted by a professional firm of valuers.	-	380	-	-	-
Bronco Trading ("Bronco")	Ker Meng Oi (Sole Proprietor)	Ker Meng Oi is our promoter, substantial shareholder and Executive Director.	Supply of car fragrance to Solid Corporation. Bronco has ceased business since 2011.	181	25	-	-	-
Chuan Soon Forwarding Sdn Bhd ("Chuan Soon")	Ker Min Choo (Director/Shareholder) Ong Kheng Swee (Director/Shareholder)	Ker Min Choo is our promoter, substantial shareholder and Managing Director.  Ong Kheng Swee is our Executive Director.	Chuan Soon mainly provides forwarding and transportation services of goods between Solid's warehouses and ports within Johor and Singapore.	427	439	507	535	550

## 10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Related Party	Interested Promoter/Director/ Substantial Shareholder	Nature of Relationship	Nature of Transaction	FYE 30 April				
				Actual		Forecast		2014 RM'000
				2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	
J.B. Spark Corporation Sdn Bhd ("J.B. Spark")	Ker Min Choo (Director/Shareholder) Ker Mong Keng (Director/Shareholder) Ong Kheng Swee (Shareholder) Ker Soo Ha (Director/Shareholder)	Ker Min Choo is our promoter, substantial shareholder and Managing Director.  Ker Mong Keng is our promoter, substantial shareholder and Executive Director.  Ong Kheng Swee is our Executive Director.  Ker Soo Ha is our promoter.	Supply of spark plug cable to Solid Corporation. J.B. Spark has ceased business since 2011.	15	69	17	-	-
Jotang Wires & Cables Sdn Bhd ("Jotang") (in liquidation)	Ker Min Choo (Director/Shareholder) Ker Mong Keng (Shareholder) Ong Kheng Swee (Shareholder)	Ker Min Choo is our promoter, substantial shareholder and Managing Director.  Ker Mong Keng is our promoter, substantial shareholder and Executive Director.  Ong Kheng Swee is our Executive Director.	(i) Supply of automotive wire and cables to Solid Corporation.  (ii) Sales commission paid to Solid Corporation in relation to sales of wires.	1,499	1,024	23	-	-
Seven-S Consulting Sdn Bhd ("Seven-S")	Ong Kheng Swee (Director/Shareholder)	Ong Kheng Swee is our Executive Director.	Provision of management consultancy services to Solid Corporation.	85	99	-	-	-

## 10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Related Party	Interested Promoter/Director/ Substantial Shareholder	Nature of Relationship	Nature of Transaction	FYE 30 April				
				Actual		Forecast		
				2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Tampoi Auto Supply Sdn Bhd ("Tampoi Auto")	Ker Meng Oi (Shareholder) Ker Min Choo (Director/Shareholder) Ker Mong Keng (Director/Shareholder) Ker Soo Ha (Director/Shareholder)	Ker Min Choo is our promoter, substantial shareholder and Managing Director.  Ker Mong Keng is our promoter, substantial shareholder and Executive Director.  Ker Meng Oi is our promoter, substantial shareholder and Executive Director.  Ker Soo Ha is our promoter.	(i) Solid Corporation purchased a freehold land together with a single-storey detached factory and a double storey office from Tampoi Auto at No.7, Jalan Dataran 5, Taman Kempas, 81200 Johor Bahru, Johor.	-	4,200	-	-	-
			(ii) Rental by Solid Corporation of warehouse and store located at No.7, Jalan Dataran 5, Taman Kempas.  The tenancy ceased after the property was acquired by Solid Corporation as disclosed in (i) above.	132	132	152	-	-
			(iii) Tampoi Auto acquired from Uni Point one (1) unit of intermediate single storey terrace factory at No.33, Jalan TS 6/7, Taman Industri Subang, 47510 Subang Jaya; and	-	260	-	-	-

## 10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Related Party	Interested Promoter/Director/ Substantial Shareholder	Nature of Relationship	Nature of Transaction	FYE 30 April				
				Actual		Forecast		
				2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
			one (1) unit of apartment at A-08-07, Block A, Sri Wangi Apartment, Jalan Persisiran Titiwangsa Utama, Taman Tampoi Indah, 81200 Johor Bahru	-	140	-	-	-
			The disposal price by Uni Point was based on a valuation of the property conducted by a professional firm of valuers.					
			(iv) Tampoi Auto acquired from Solid Corporation two (2) pieces of freehold land at Lot No.76 & 77, Bandar Kundang, District of Gombak, State of Selangor; and	-	1,230	-	-	-
			one (1) unit of apartment at A-08-08, Block A, Sri Wangi Apartment, Jalan Persisiran Titiwangsa Utama, Taman Tampoi Indah, 81200 Johor Bahru.	-	140	-	-	-
			The disposal price by Solid Corporation was based on a valuation of the property conducted by a professional firm of valuers.					

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Related Party	Interested Promoter/Director/ Substantial Shareholder	Nature of Relationship	Nature of Transaction	FYE 30 April				
				Actual		Forecast		
				2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Ker Boon Kee	Ker Boon Kee, (owner) is the sibling of Ker Min Choo, Ker Mong Keng, Ker Meng Oi and Ker Soo Ha.	Ker Min Choo is our promoter, substantial shareholder and Managing Director.  Ker Mong Keng is our promoter, substantial shareholder and Executive Director.  Ker Meng Oi is our promoter, substantial shareholder and Executive Director.  Ker Soo Ha is our promoter.	Rental by Auto Empire of an office and warehouse located at 10, Admiralty Street #01-86, Singapore 757695	64 (SGD26,600)	108 (SGD45,600)	197 (SGD80,400)	197 (SGD80,400)	197 (SGD80,400)
Ker Boon Kee, Ker Min Choo and Ker Mong Keng (owners)	Ker Boon Kee, Ker Min Choo, Ker Mong Keng, Ker Meng Oi and Ker Soo Ha are siblings.	Ker Min Choo is our promoter, substantial shareholder and Managing Director.  Ker Mong Keng is our promoter, substantial shareholder and Executive Director.  Ker Meng Oi is our promoter, substantial shareholder and Executive Director.  Ker Soo Ha is our promoter.	Rental by Auto Empire of an office and warehouse located at 10, Admiralty Street #01-64, Singapore 757695	64 (SGD26,600)	108 (SGD45,600)	167 (SGD68,400)	167 (SGD68,400)	167 (SGD68,400)

## 10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Related Party	Interested Promoter/Director/Shareholder	Nature of Relationship	Nature of Transaction	FYE 30 April				
				Actual		Forecast		
				2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Tampoi Enterprise Sdn Bhd ("Tampoi Enterprise")	Ker Boon Kee, (Director and shareholder) is the sibling of Ker Min Choo, Ker Mong Keng, Ker Meng Oi and Ker Soo Ha.	Ker Min Choo is our promoter, substantial shareholder and Managing Director.  Ker Mong Keng is our promoter, substantial shareholder and Executive Director.  Ker Meng Oi is our promoter, substantial shareholder and Executive Director.  Ker Soo Ha is our promoter.	Purchases by Solid Corporation and Twinco from Tampoi Enterprise for automotive parts. With effect from 1 January 2013, our Group no longer has any business dealings with Tampoi Enterprise.	617	86	66	41	-
Solid Wire & Cable Sdn Bhd	Ker Meng Oi (Shareholder) Ker Min Choo (Director/Shareholder) Ker Mong Keng (Director/Shareholder) Ker Soo Ha (Shareholder)	Ker Min Choo is our promoter, substantial shareholder and Managing Director.  Ker Mong Keng is our promoter, substantial shareholder and Executive Director.  Ker Meng Oi is our promoter, substantial shareholder and Executive Director.  Ker Soo Ha is our promoter.	(i) Rental by JBS of warehouse at No. 8, Jalan Dataran 3/4, Taman Kempas, 81200 Johor Bahru, Johor Darul Takzim  (ii) Rental by JBS of warehouse at No. 12, Jalan Dataran 3/4, Taman Kempas, 81200 Johor Bahru, Johor Darul Takzim	22	-	-	-	-



## 10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Related Party	Interested Promoter/Director/Substantial Shareholder	Nature of Relationship	Nature of Transaction	FYE 30 April				
				Actual		Forecast		
				2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
PAM Machinery Components (M) Sdn Bhd ("PAM Machinery")	Ker Boon Kee, (Director and shareholder) is the sibling of Ker Min Choo, Ker Mong Keng, Ker Meng Oi and Ker Soo Ha.	Ker Min Choo is our promoter, substantial shareholder and Managing Director.  Ker Mong Keng is our promoter, substantial shareholder and Executive Director.  Ker Meng Oi is our promoter, substantial shareholder and Executive Director.  Ker Soo Ha is our promoter.	(i) Supply of gear and transmission parts to Twinco.  (ii) Purchase of automotive parts from Solid Corporation.  With effect from 1 January 2013, our Group no longer has any business dealings with PAM Machinery.	134	42	131	34	-
				9	4	-	1	-

All the related party transactions disclosed above would not give rise to any conflict of interest situation and were transacted based on terms which are not unfavourable to our Group.

Upon Listing, our Directors, through our Audit Committee, will ensure that any related party transactions (recurrent inclusive, if any) are carried out on an arm's length basis and are not prejudicial to our Group nor on terms more favourable to the related parties than those normally agreed with other customers or suppliers and are also not to our detriment and to the detriment of our minority shareholders.

Our Directors and substantial shareholders are also not aware of any other transactions that may give rise to conflict of interest situations between our Group and any of our Directors, substantial shareholders, key management and/or persons connected with them.

## 10.2 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITIONS

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party to during the past four (4) FYE 30 April 2010 to 2013. Our Directors and substantial shareholders are also not aware of any transaction that is unusual in nature or condition, involving goods, services, tangible or intangible assets, to which our Group was a party.

## 10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

## 10.3 INTERESTS IN SIMILAR BUSINESSES, INTERESTS IN BUSINESSES OF OUR CUSTOMERS OR SUPPLIERS AND OTHER CONFLICTS OF INTEREST

Save as disclosed below, having made all reasonable enquiries and to the best knowledge and belief of the Directors and substantial shareholders of our Company, as at the LPD, none of the Directors or substantial shareholders of our Company are interested, directly or indirectly in any business carrying on a similar or competing trade with our Group:

Name of Company	Nature of Business	Affected Person	Position (Director / Shareholder)	Direct		Indirect		Mitigating factor
				No. of shares held	% held	No. of shares held	% held	
Tampoi Enterprise	Auto spare parts and machinery components	Ker Min Choo, Ker Mong Keng and Ker Meng Oi	-	-	-	-	-	Ker Min Choo, who is our promoter, substantial shareholder and Managing Director, together with Ker Mong Keng and Ker Meng Oi, who are our promoters, substantial shareholders and Executive Directors, are indirectly interested in Tampoi Enterprise by virtue of their family relationship to Ker Boon Kee, who is the director and shareholder of Tampoi Enterprise. The day-to-day operations of Tampoi Enterprise is managed by its other major shareholder being, Lee Mien Yong (who together with his siblings Lee Kong Yoong and Lee Kim Yong collectively holding 48.49% interest in Tampoi Enterprise). Besides his role as a director, Ker Boon Kee does not participate in the day-to-day management and operations of Tampoi Enterprise.
PAM Machinery	Dealer in auto spare parts and accessories	Ker Min Choo, Ker Mong Keng and Ker Meng Oi	-	-	-	-	-	Ker Min Choo, Ker Mong Keng and Ker Meng Oi are not the Directors and shareholders of Tampoi Enterprise, hence they are not in a position to deliberate and vote on the business affairs of Tampoi Enterprise. As such, there is no conflict of interest arising from their indirect interest in Tampoi Enterprise.
								Ker Min Choo, who is our promoter, substantial shareholder and Managing Director, together with Ker Mong Keng and Ker Meng Oi, who are our promoters, substantial shareholders and Executive Directors, are indirectly interested in PAM Machinery by virtue of their family relationship to Ker Boon Kee, who is the director and shareholder of PAM Machinery. The day-to-day operations of PAM Machinery is managed by its

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Name of Company	Nature of Business	Affected Person	Position (Director / Shareholder)	Direct		Indirect		Mitigating factor
				No. of shares held	% held	No. of shares held	% held	
								<p>other major shareholder being, Ang Teeh Ann, who together with his sibling, Ang Tee Loon, collectively holding 42.00% interest in PAM Machinery. Besides his role as a director, Ker Boon Kee does not participate in the day-to-day management and operations of PAM Machinery.</p> <p>Ker Min Choo, Ker Mong Keng and Ker Meng Oi are not the Directors and shareholders of PAM Machinery, hence they are not in a position to deliberate and vote on the business affairs of PAM Machinery. As such, there is no conflict of interest arising from their indirect interest in PAM Machinery.</p>

Save as disclosed in Section 10.1 of this Prospectus, as at the LPD, none of the Directors or substantial shareholders of our Company are interested, directly or indirectly in any business or corporations which are the customers or supplier of our Group.

10.4 LOANS MADE BY OUR GROUP TO OR FOR THE BENEFIT OF RELATED PARTIES

There are no outstanding loans, including guarantees of any kind, made by our Group to or for the benefit of related parties during the past four (4) FYE 30 April 2010 to 2013 and up to the LPD.

10.5 DECLARATION BY EXPERTS

Alliance confirms that there is no existing or potential conflict of interests in its capacity as the Principal Adviser, Managing Underwriter and Placement Agent for our Listing.

MainStreet Advisers confirms that there is no existing or potential conflict of interests in its capacity as the Joint Adviser for our Listing.

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

Azman Davidson & Co confirms that there is no existing or potential conflict of interests in its capacity as the Solicitors for our Listing.

**10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**

CitiLegal LLC confirms that there is no existing or potential conflict of interests in its capacity as Solicitor for the Legal Opinion on Prevailing Regulations on the Repatriation of Capital, Remittance of Profits and the Relevant Laws and Regulations in Singapore for our Listing.

Protégé Associate Sdn Bhd confirms that there is no existing or potential conflict of interests in its capacity as the independent market researcher for our Listing.

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## 11. PROFORMA HISTORICAL FINANCIAL INFORMATION

Our proforma consolidated financial statements have been compiled based on the basis and accounting policies consistent with those currently adopted by our Group which are set out in the notes and assumptions included in the Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus. The financial statements used in the preparation of our proforma consolidated financial statements were prepared in accordance with approved accounting standards issued by the Malaysian Accounting Standards Board. Any adjustments which were dealt with when preparing our consolidated financial statements have been highlighted and disclosed in Section 11.4 of this Prospectus.

### 11.1 PROFORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets out our proforma consolidated statements of profit or loss and other comprehensive income for the four (4) FYE 30 April 2010 to 2013 which have been prepared for illustrative purposes only based on the assumption that our current Group structure has been in existence throughout the financial years under review.

You should read this summary of our proforma consolidated statements of profit or loss and other comprehensive income which has been presented below together with the management's discussion and analysis of financial condition, results of operations and prospects as set out in Section 12 of this Prospectus, the Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus and the Accountants' Report as set out in Section 13 of this Prospectus.

	< ----- Proforma Audited FYE 30 April ----- >			
	2010	2011	2012	2013
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	80,767	88,201	104,155	108,794
Cost of sales	(58,153)	(63,606)	(72,993)	(76,490)
GP	22,614	24,595	31,162	32,304
Other income	1,247	756	6,196 <sup>^</sup>	1,074
	23,861	25,351	37,358	33,378
Selling and distribution expenses	(6,069)	(6,519)	(9,154)	(10,582)
Administrative expenses	(8,325)	(7,457)	(9,534)	(9,455)
Finance costs	(468)	(480)	(756)	(679)
PBT	8,999	10,895	17,914	12,662
Taxation	(2,408)	(2,843)	(2,836)	(3,258)
PAT	6,591	8,052	15,078	9,404
PAT attributable to:-				
Owners of the Company	6,577	8,037	14,990	9,387
EBITDA	10,727	12,596	19,962	14,848
Number of Shares assumed to be issued ('000)*	150,000	150,000	150,000	150,000
Gross EPS (sen)**	6.00	7.26	11.94	8.44
Net EPS (sen)***	4.38	5.36	9.99	6.26
GP margin (%)	28.00	27.89	29.92	29.69
PBT margin (%)	11.14	12.35	17.20	11.64
PAT margin (%)	8.16	9.13	14.48	8.64
Effective tax rate (%)	26.76	26.09	15.83	25.73

**11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)****Notes:**

- \* Assumed number of shares in issue after the Acquisitions and the Public Issue.  
 ^ For FYE 30 April 2012, our Group registered a gain on disposal of an investment property amounting to RM5.005 million.  
 \*\* The gross EPS is computed based on the consolidated PBT divided by the number of Shares in issue after the Acquisitions and after the Public Issue.  
 \*\*\* The net EPS is computed based on the consolidated PAT attributable to owners of the Company divided by the number of Shares in issue after the Acquisitions and after the Public Issue.

There were no exceptional or extraordinary items during the financial years under review. The auditors' reports for our Group for the financial years/period under review were reported without any qualification.

**11.2 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

The following table sets out our proforma consolidated statements of financial position as at 30 April 2013, assuming that the Acquisitions, our Public Issue and utilisation of proceeds had been effected as at that date, for illustrative purposes only, and should be read in conjunction with the notes and assumptions included in the Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus.

	As at 30 April 2013	Proforma I	Proforma II
	RM'000	RM'000	RM'000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	-	19,387	31,387
Other investment	-	102	102
Deferred tax assets	-	17	17
<b>Total non-current asset</b>	-	19,506	31,506
<b>Current Assets</b>			
Inventories	-	34,489	34,489
Trade receivables	-	25,179	25,179
Other receivables, deposits, and prepayments	-	2,699	1,620
Tax recoverable	-	232	232
Cash and bank balances	*	6,084	12,478
<b>Total current assets</b>	*	68,683	73,998
<b>Total assets</b>	*	88,189	105,504
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	*	57,308	75,000
Share premium	-	-	1,266
Merger deficit	-	(45,985)	(45,985)
Capital reserve	-	2,624	2,624
Translation reserve	-	139	139
(Accumulated loss)/Retained profit	(61)	50,093	48,450
Equity attributable to equity holders of the Company	(61)	64,179	81,494
Non-controlling interests	-	518	518
<b>Total Equity</b>	(61)	64,697	82,012

## 11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

	As at 30 April 2013	Proforma I	Proforma II
	RM'000	RM'000	RM'000
<b><u>Non-Current Liabilities</u></b>			
Deferred tax liabilities	-	30	30
Long term borrowings	-	607	607
<b>Total non-current liabilities</b>	<b>-</b>	<b>637</b>	<b>637</b>
<b><u>Current Liabilities</u></b>			
Trade payables	-	8,204	8,204
Other payables and accruals	61	3,897	3,897
Amount owing to shareholders	-	908	908
Short term borrowings	-	9,531	9,531
Tax payable	-	315	315
<b>Total current liabilities</b>	<b>61</b>	<b>22,855</b>	<b>22,855</b>
<b>Total liabilities</b>	<b>61</b>	<b>23,492</b>	<b>23,492</b>
<b>Total equity and liabilities</b>	<b>*</b>	<b>88,189</b>	<b>105,504</b>
Number of Shares in issue ('000)	^	114,616	150,000
(NL)/NA (RM'000)	(61)	64,179	81,494
(NL)/NA per Share (RM)	(30.50)	0.56	0.54

**Notes:**

Proforma I

After the Acquisitions.

Proforma II

After Proforma I, Public Issue and utilisation of proceeds.

\*

Represents RM1.00.

^

Represents 2 Shares.

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**11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)****11.3 PROFORMA CONSOLIDATED STATEMENT OF CASH FLOW**

The following table sets out our proforma consolidated statement of cash flow for the FYE 30 April 2013, which have been prepared for illustrative purposes only based on the assumption that our current Group structure has been in existence throughout the financial years under review and should be read in conjunction with the notes and assumptions included in the Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus.

	<b>Proforma FYE 30 April 2013 (before Public Issue and utilisation of proceeds)</b>	<b>Public Issue and utilisation of proceeds</b>	<b>Proforma FYE 30 April 2013 (after Public Issue and utilisation of proceeds)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
PBT	12,662	(1,643)	11,019
<b>Adjustments for:</b>			
Allowance for impairment losses on trade receivables	336	-	336
Depreciation of investment properties	24	-	24
Depreciation of property, plant and equipment	1,483	-	1,483
Gain on disposal of property, plant and equipment	(14)	-	(14)
Gain on foreign exchange	(89)	-	(89)
Interest expenses	603	-	603
Interest income	(3)	-	(3)
Property, plant and equipment written off	18	-	18
Listing expenses	-	1,643	1,643
Rental income on properties	(6)	-	(6)
Reversal of impairment losses on trade receivables	(396)	-	(396)
Operating profit before working capital changes	14,618	-	14,618
Decrease in inventories	3,332	-	3,332
Decrease in trade and other receivables	2,907	-	2,907
Decrease in trade and other payables	(1,737)	-	(1,737)
Net cash generated from operations	19,120	-	19,120
Interest paid	(603)	-	(603)
Interest received	3	-	3
Tax refund	305	-	305
Tax paid	(4,043)	-	(4,043)
<b>Net cash generated from operating activities</b>	<b>14,782</b>		<b>14,782</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>			
Payment of deposit for the acquisition of property, plant and equipment	(521)	-	(521)
Proceeds from disposal of property, plant and equipment	17	-	17
Purchase of property, plant and equipment	(521)	(12,000)	(12,521)
Rental received	6	-	6
<b>Net cash for investing activities</b>	<b>(1,019)</b>		<b>(13,019)</b>
<b>Balance carried forward</b>	<b>13,763</b>		<b>1,763</b>



## 11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

	Proforma FYE 30 April 2013 (before Public Issue and utilisation of proceeds)	Public Issue and utilisation of proceeds	Proforma FYE 30 April 2013 (after Public Issue and utilisation of proceeds)
	RM'000	RM'000	RM'000
<b>Balance brought forward</b>	13,763	-	1,763
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>			
Dividend paid	(1,306)	-	(1,306)
Net repayment to directors	(146)	-	(146)
Net repayment of bankers' acceptance	(11,724)	-	(11,724)
Net drawdown of foreign currency loan	4,653	-	4,653
Net repayment of bill payable	(299)	-	(299)
Net repayment of hire purchase payables	(363)	-	(363)
Repayment of term loans	(289)	-	(289)
Payment of listing expenses	(1,079)	(1,421)	(2,500)
Proceeds from issuance of shares	-	19,815	19,815
<b>Net cash (for)/from financing activities</b>	<b>(10,553)</b>	<b>-</b>	<b>7,841</b>
Net increase in cash and bank balances	3,210	-	9,604
Foreign currency translation reserve	4	-	4
Cash and bank balances at the beginning of financial year	2,870	-	2,870
Cash and bank balances at the end of financial year	6,084		12,478

The Proforma Consolidated Statement of Cash Flow has been prepared based on the audited financial statements of Solid, Solid Corporation, HKT, Uni Point, JBS, Twinco and Auto Empire for the FYE 30 April 2013 which has been adjusted to reflect the payments of special single tier dividends by Solid Corporation and Twinco of approximately RM1.306 million.

The Proforma Consolidated Statement of Cash Flow has been prepared based on accounting principles and basis consistent with those normally adopted in the preparation of audited financial statements of our Group.

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## 11. PROFORMA HISTORICAL FINANCIAL INFORMATION *(Cont'd)*

### 11.4 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION



29 JUL 2013

The Board of Directors  
**Solid Automotive Berhad**  
No. 5, Jalan Dataran 5  
Taman Kempas  
81200 Johor Bahru  
Johor

**Crowe Horwath** AF 1018  
Chartered Accountants  
Member Crowe Horwath International

Johor Bahru Office  
30-04 Level 30, Menara Landmark  
Mail Box 171, 12 Jalan Ngee Heng  
80000 Johor Bahru, Malaysia  
Main +6 07 2781 268  
Fax +6 07 2781 238  
[www.crowehorwath.com.my](http://www.crowehorwath.com.my)  
[info.jb@crowehorwath.com.my](mailto:info.jb@crowehorwath.com.my)

Dear Sirs,

#### **SOLID AUTOMOTIVE BERHAD ("Solid" or "the Company") REPORT ON THE COMPILATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

##### **Report on the Compilation of Proforma Consolidated Financial Information**

We have completed our assurance engagement to report on the compilation of proforma consolidated financial information of Solid and its subsidiaries ("Solid Group" or "the Group") by the Board of Directors for inclusion in the Prospectus to be issued in connection with the proposed listing of and quotation for the entire issued and paid-up share capital of Solid on the Main Market of Bursa Malaysia Securities Berhad ("the Proposal"). The proforma consolidated financial information (which we have stamped for the purpose of identification) consists of:-

- a) the proforma consolidated statements of profit or loss and other comprehensive income for the financial year ended 30 April 2010 to 30 April 2013;
- b) the proforma consolidated statements of financial position as at 30 April 2013;
- c) the proforma consolidated statement of cash flows for the financial year ended 30 April 2013; and
- d) the related notes as set out in the accompanying statements.

The applicable criteria on the basis of which the Board of Directors has compiled the proforma consolidated financial information are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and set out in Note 1 of the proforma consolidated financial information.

The proforma consolidated financial information has been compiled by the Board of Directors to illustrate:-

- a) the Group's financial performance for the financial years ended 30 April 2010 to 30 April 2013 as if the Group had been in existence throughout these financial years;
- b) the impact of the events or transactions set out in Note 1 on the Group's financial position as at 30 April 2013; and

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (*Cont'd*)

- c) the Group's financial cash flows for the financial year ended 30 April 2013 as if the Group had been in existence throughout the financial year.

As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Board of Directors from the Group's financial statements for the financial years ended 30 April 2010 to 30 April 2013, on which audit reports have been published.

*Directors' Responsibility for the Proforma Consolidated Financial Information*

The Board of Directors of Solid is solely responsible for compiling the proforma consolidated financial information on the basis set out in Note 1 of the proforma consolidated financial information and in accordance with the requirements of the Prospectus Guidelines.

*Our Responsibilities*

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the proforma consolidated financial information has been compiled, in all material respects, by the Board of Directors on the basis set out in Note 1 of the proforma consolidated financial information and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Proforma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the proforma consolidated financial information on the basis set out in Note 1 of the proforma consolidated financial information and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the proforma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the proforma consolidated financial information.

The purpose of proforma consolidated financial information included in a Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the proforma consolidated financial information has been compiled, in all material respects, on the basis set out in Note 1 of the proforma consolidated financial information and in accordance with the requirements of the Prospectus Guidelines involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the proforma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related proforma adjustments give appropriate effect to those criteria; and
- The proforma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the proforma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the proforma consolidated financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Opinion*

In our opinion, the proforma consolidated financial information has been compiled, in all material respects, on the basis set out in Note 1 of the proforma consolidated financial information and in accordance with the requirements of the Prospectus Guidelines.

**Other Matters**

We understand that this letter will be used solely for the purpose of inclusion in the Prospectus in connection with the Proposal. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

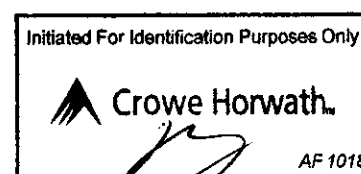
Yours faithfully,

A stylized signature of the firm name "Crowe Horwath" in cursive script.

**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

A handwritten signature in cursive script, appearing to read "Wong Tak Mun".

**Wong Tak Mun**  
Approval No: 1793/09/14 (J)  
Chartered Accountant

**11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)****SOLID GROUP****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. PROFORMA GROUP AND BASIS OF PREPARATION****1.1 Proforma Group**

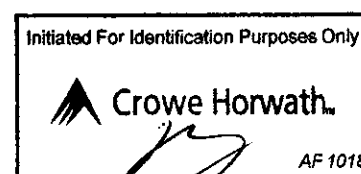
The proforma consolidated financial information of the Solid Group comprises the financial information of the following companies, are presented for the purpose of illustration only:-

- (a) Solid
- (b) Solid Corporation Sdn. Bhd. and its subsidiaries ("Solid Corporation Group")
- (c) Twinco Far East Sdn. Bhd. ("Twinco")
- (d) Auto Empire Impex Pte. Ltd. ("Auto Empire")

The relevant financial periods for the purpose of this report ("Relevant Financial Period") are as follows:-

<b>Company</b>	<b>Relevant Financial Period</b>
Solid	Financial period from 12 September 2012 (date of incorporation) to 30 April 2013
Solid Corporation Group which comprises Solid Corporation and its subsidiaries namely JBS Auto-Tech Sdn Bhd, Uni Point Marketing (M) Sdn Bhd and HKT Auto Electrical Parts Sdn Bhd	FYE 30 April 2010 FYE 30 April 2011 FYE 30 April 2012 FYE 30 April 2013
Twinco	FYE 31 December 2010 FPE 30 April 2011 FYE 30 April 2012 FYE 30 April 2013
Auto Empire	FPE 30 April 2010 FYE 30 April 2011 FYE 30 April 2012 FYE 30 April 2013

FYE – Financial Year Ended/Ending  
FPE – Financial Period Ended/Ending

**11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)****SOLID GROUP****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****1. PROFORMA GROUP AND BASIS OF PREPARATION (CONT'D)****1.1 Proforma Group (Cont'd)**

The proforma consolidated financial information of Solid Group is prepared on the assumption that Solid Group had been in existence throughout the FYE 30 April 2010 to 2013. The proforma consolidated financial information comprises the following:-

- Section 2 - Proforma Consolidated Statements of Profit or Loss and Other Comprehensive Income for the Relevant Financial Period;
- Section 3 - Proforma Consolidated Statements of Financial Position as at 30 April 2013; and
- Section 4 - Proforma Consolidated Statement of Cash Flows for the FYE 30 April 2013.

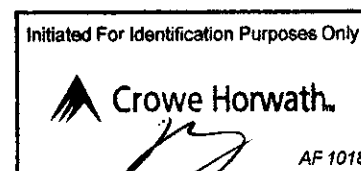
The audited financial statements of Solid, Solid Corporation Group and Twinco were presented in RM while Auto Empire was presented in SGD. In preparing this letter, the financial information of Auto Empire was translated into RM for information purposes.

The exchange rates as used for the purpose of this letter are as follows:-

<b>FPE/FYE</b>	<b>Average Rate</b>
30 April 2010	SGD 1 = RM2.4060
30 April 2011	SGD 1 = RM2.3680
30 April 2012	SGD 1 = RM2.4460
30 April 2013	SGD 1 = RM2.4955

<b>FPE/FYE</b>	<b>Closing Rate</b>
30 April 2010	SGD 1 = RM2.3322
30 April 2011	SGD 1 = RM2.4222
30 April 2012	SGD 1 = RM2.4523
30 April 2013	SGD 1 = RM2.4521

(Source: Bank Negara Malaysia)

11. **PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)****SOLID GROUP****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****1.2 Basis of Preparation**

The proforma consolidated financial information of Solid Group is prepared based on the audited financial statements of Solid Corporation Group, Twinco and Auto Empire for the Relevant Financial Period.

The financial statements used in the preparation of this letter for the financial years/periods were not subject to any audit qualification or emphasis of matter.

The proforma consolidated financial information has been prepared in accordance with applicable approved Malaysian Financial Reporting Standards in Malaysia and, bases and accounting policies consistent with those to be adopted by Solid Group after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information.

The financial statements of Auto Empire Impex Pte Ltd have been prepared in accordance with Financial Reporting Standards in Singapore. In the context of Auto Empire Impex Pte Ltd, there is no significant difference between Malaysia Financial Reporting Standards in Malaysia and Financial Reporting Standards in Singapore and neither adjustment is required nor reconciliation is presented for the financial statements prepared under these two (2) accounting standards.

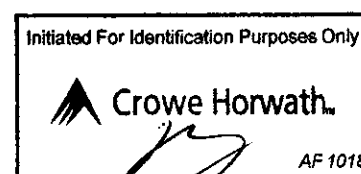
The proforma consolidated financial information has been prepared using the merger method. Under the merger method,

- (i) if the cost of merger is lower than the nominal value of the share capital of the subsidiaries acquired, a credit balance will arise and be treated as merger reserve.
- (ii) If the cost of merger exceeds the nominal value of the share capital of the subsidiaries acquired, a debit balance will arise and be treated as merger deficit under the proforma consolidated statement of financial position.

The proforma consolidated financial information has been prepared solely to illustrate:-

- (i) the financial results of Solid Group for the FYE 30 April 2010 to 2013 on the assumption that Solid Group had been in existence throughout the Relevant Financial Period;
- (ii) the proforma consolidated statements of financial position of Solid Group as at 30 April 2013 which incorporate the effects of the listing scheme as described below had the scheme been implemented; and
- (iii) the cash flows of Solid Group for the FYE 30 April 2013 on the assumption that the Group structure had been in place since the beginning of the financial year.

11. **PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**



**SOLID GROUP**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**

**1.2 Basis of Preparation (Cont'd)**

The Listing Scheme comprises the following:

**(i) Acquisition of Subsidiaries**

- (a) Acquisition by Solid Corporation of 10% interest in JBS not already owned by Solid Corporation for a purchase consideration of RM159,939 to be satisfied by the issuance of 319,878 new ordinary shares of RM0.50 each in Solid at par value.
- (b) Acquisition by Solid of 99.56% interest in Solid Corporation for a purchase consideration of RM40,289,363 to be satisfied by the issuance of 80,578,726 new ordinary shares of RM0.50 each in Solid at par value.
- (c) Acquisition by Solid of the entire issued and paid-up share capital of Twinco for a purchase consideration of RM7,597,500 to be satisfied by the issuance of 15,195,000 new ordinary shares of RM0.50 each in Solid at par value.
- (d) Acquisition of the entire issued and paid-up share capital of Auto Empire for a purchase consideration of RM9,511,500 to be satisfied by the issuance of 18,522,394 new ordinary shares of RM0.50 each in Solid at par value and cash consideration of RM250,303.

The acquisition exercise was completed on 13 June 2013.

**(ii) Public Issue**

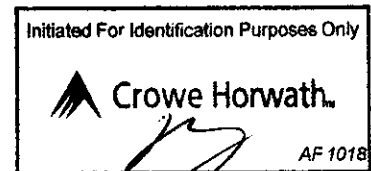
The Public Issue of 35,384,000 new ordinary shares at an issue price of RM0.56 per share to be allocated in the following manner:

- 7,500,000 new shares available for application by the public;
- 9,847,500 new share available for application by eligible directors, employees and persons who have contributed to the success of Solid Group;
- 15,000,000 new shares available for application by bumiputera investors approved by the Ministry of International Trade And Industry; and
- 3,036,500 new shares by way of placement to selected investors.



11. **PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**

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**SOLID GROUP**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**

**1.2 Basis of Preparation (Cont'd)**

The Listing Scheme comprises the following: (Cont'd)

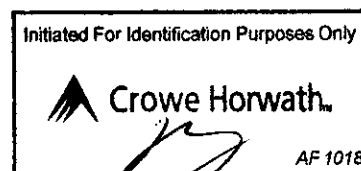
**(iii) Offer for Sales**

The Offeror will offer up to 8,361,000 existing ordinary shares at an offer price of RM0.56 per share, representing approximately up to 5.57% of the enlarged issued and paid-up share capital to selected investors, identified by Solid or its Placement Agent.

**(iv) Proposed Listing**

The admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of RM75,000,000 comprising 150,000,000 Solid shares on the Main Market of Bursa Securities will be sought.

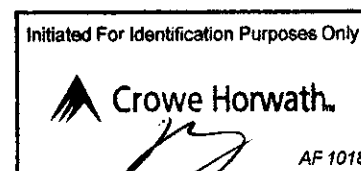
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11. **PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)****SOLID GROUP****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****2. PROFORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF SOLID GROUP**

	Note	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000
Revenue		80,767	88,201	104,155	108,794
Cost of sales		(58,153)	(63,606)	(72,993)	(76,490)
Gross profit ("GP")		22,614	24,595	31,162	32,304
Other income	2.1	1,247	756	6,196	1,074
		23,861	25,351	37,358	33,378
Selling and distribution expenses		(6,069)	(6,519)	(9,154)	(10,582)
Administrative expenses		(8,325)	(7,457)	(9,534)	(9,455)
Profit from operations		9,467	11,375	18,670	13,341
Finance costs		(468)	(480)	(756)	(679)
Profit before taxation ("PBT")		8,999	10,895	17,914	12,662
Income tax expense	2.2	(2,408)	(2,843)	(2,836)	(3,258)
Profit after taxation ("PAT")		6,591	8,052	15,078	9,404
Profit after taxation attributable to:-					
Owners of the company		6,577	8,037	14,990	9,387
Holders of non-controlling interests		14	15	88	17
		6,591	8,052	15,078	9,404
GP margin (%)		28.00	27.89	29.92	29.69
PBT margin (%)		11.14	12.35	17.20	11.64
PAT margin (%)		8.16	9.13	14.48	8.64
Effective tax rate (%)		26.76	26.09	15.83	25.73
Earning before interest, tax, depreciation and amortisation ("EBITDA") (RM'000)		10,727	12,596	19,962	14,848
Weighted average number of ordinary shares in issue of RM0.50 each ('000) *		150,000	150,000	150,000	150,000
Gross earnings per share ("EPS") (sen)		6.00	7.26	11.94	8.44
Net EPS (sen)		4.38	5.36	9.99	6.26

Note:-

\* - Assume number of shares in issue after Acquisition of Subsidiaries and the Public Issue.

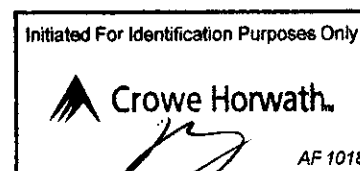
**11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)****SOLID GROUP****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****2. PROFORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF SOLID GROUP (CONT'D)**

The proforma consolidated statements of profit or loss and other comprehensive income of Solid Group for the FYE 30 April 2010, 30 April 2011, 30 April 2012 and 30 April 2013 have been prepared for illustrative purposes only and after incorporating such adjustments as considered necessary and assuming that Solid Group had been in existence throughout the financial years under review.

**Notes to the Proforma Consolidated Statements of Profit Or Loss And Other Comprehensive Income**

- (a) For the purpose of presentation, all items in the statements of profit or loss and other comprehensive income were translated using the average exchange rates applicable for the respective financial years.
- (b) The gross profit (GP) margin is computed by dividing the gross profit by revenue earned in the respective financial years.
- (c) The profit before tax (PBT) margin is computed by dividing the profit before taxation by revenue earned in the respective financial years.
- (d) The profit after tax (PAT) margin is computed by dividing the profit after taxation by revenue earned in the respective financial years.
- (e) The gross earnings per share (EPS) is computed by dividing the profit before taxation by the number of ordinary shares assumed in issue of 150,000,000 shares.
- (f) The net EPS is computed by dividing the profit after taxation attributable to owners of the Company by the number of ordinary shares assumed in issue of 150,000,000 shares.
- (g) All significant inter-company transactions are eliminated on consolidation and the consolidated results reflect external transactions only.
- (h) No diluted earnings per share is shown as there were no potential dilutive shares in issue during the financial years under review.
- (i) There was no share of profits of joint ventures or associates.

## 11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



## SOLID GROUP

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 2. PROFORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF SOLID GROUP (CONT'D)

## 2.1 Other Income

The other income includes, among others, the following:-

	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000
Gain on disposal of investment property	-	137	5,005	-
Gain on disposal of property, plant and equipment	237	-	311	14
Rental income	275	206	95	6
Reversal of impairment losses on trade receivables	-	21	147	396

## 2.2 Income Tax Expense

	FYE 2010 RM'000	FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000
Tax expense for the financial year	2,240	2,774	3,447	3,222
Deferred tax liabilities	74	8	(275)	47
	2,314	2,782	3,172	3,269
Under/(Over) provision in previous financial year				
- Tax expense	132	85	(280)	(122)
- Deferred tax liabilities	(38)	(24)	(56)	111
	94	61	(336)	(11)
Total tax expense	2,408	2,843	2,836	3,258
Profit before taxation ("PBT")	8,999	10,895	17,914	12,662
Tax at the statutory tax rate of 25%	2,250	2,725	4,477	3,166
Tax effects of:-				
Deferred tax assets not recognised during the financial year	24	18	-	45
Non-taxable income	(75)	(39)	(1,312)	(13)
Non-deductible expenses	311	314	208	252
Differential of tax rate for the first RM500,000	(25)	(18)	(25)	(25)
Utilisation of deferred tax assets previously not recognised	(38)	(16)	-	-
Effect of lower tax rate in Singapore	(133)	(202)	(176)	(156)
Under/(Over) provision in previous financial years				
- Tax expense	132	85	(280)	(122)
- Deferred tax liabilities	(38)	(24)	(56)	111
	2,408	2,843	2,836	3,258

## 11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

## SOLID GROUP

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SOLID GROUP

	Note	Solid Audited as at 30 April 2013 RM'000	** Adjustment for the Acquisition of Subsidiaries RM'000	Proforma I Acquisition of Subsidiaries RM'000	Adjustment for Public Issue and Utilisation of Proceeds RM'000	Proforma II After Proforma I, Public Issue and Utilisation of Proceeds RM'000
<b>ASSETS</b>						
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	3.3	-	19,387	19,387	12,000	31,387
Other investment		-	102	102	-	102
Deferred tax assets		-	17	17	-	17
				19,506		31,506
<b>CURRENT ASSETS</b>						
Inventories		-	34,489	34,489	-	34,489
Trade receivables		-	25,179	25,179	-	25,179
Other receivables, deposits, and prepayments		-	2,699	2,699	(1,079)	1,620
Tax recoverable		-	232	232	-	232
Cash and bank balances	3.4	*	6,084	6,084	6,394	12,478
				68,683		73,998
				88,189		105,504
<b>TOTAL ASSETS</b>						

## 11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

## SOLID GROUP

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SOLID GROUP (CONT'D)

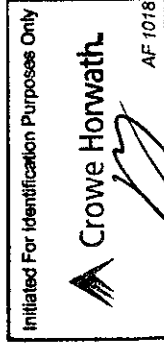
	Note	Solid Audited as at 30 April 2013 RM'000	Proforma I		Proforma II	
			** Adjustment for the Acquisition of Subsidiaries RM'000	Acquisition of Subsidiaries RM'000	Adjustment for Public Issue and Utilisation of Proceeds RM'000	After Proforma I, Public Issue and Utilisation of Proceeds RM'000
<b>EQUITY AND LIABILITIES</b>						
<b>EQUITY</b>						
Share capital	3.5	*	57,308	57,308	17,692	75,000
Share premium	3.6	-	-	-	1,266	1,266
Merger deficit	3.7	-	(45,985)	(45,985)	-	(45,985)
Capital reserve		-	2,624	2,624	-	2,624
Translation reserve		-	139	139	-	139
(Accumulated loss)/Retained profits	3.8	(61)	50,154	50,093	(1,643)	48,450
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		(61)		64,179		81,494
<b>NON-CONTROLLING INTERESTS</b>		-	518	518	-	518
<b>TOTAL EQUITY</b>		(61)		64,697		82,012
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities		-	30	30	-	30
Long term borrowings		-	607	607	-	607
		-		637		637

## 11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

## SOLID GROUP

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SOLID GROUP (CONT'D)

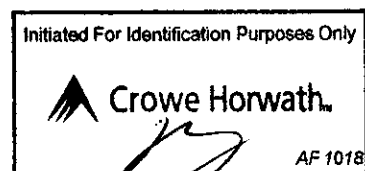


	Note	Proforma I		Proforma II	
		Solid Audited as at 30 April 2013 RM'000	** Adjustment for the Acquisition of Subsidiaries RM'000	Adjustment for Public Issue and Utilisation of Proceeds RM'000	After Proforma I, Public Issue and Utilisation of Proceeds RM'000
<b>CURRENT LIABILITIES</b>					
Trade payables		-	8,204	-	8,204
Other payables and accruals		61	3,836	-	3,897
Amount owing to shareholders		-	908	-	908
Short term borrowings		-	9,531	-	9,531
Tax payable		-	315	-	315
		61			22,855
<b>TOTAL LIABILITIES</b>		61			23,492
		*			88,189
<b>TOTAL LIABILITIES AND EQUITIES</b>					
Number of ordinary shares in issue of RM0.50 each ('000)		^			150,000
(Net liabilities)/Net assets ("NL)/NA") (RM'000)		(61)			81,494
(NL)/NA per ordinary share (RM)		(30.50)			0.54

## Notes:-

- \* - Represents RM1
- ^ - Represents 2 Shares
- \*\* - Details of adjustments are set out in Section 3.1 of this report

## 11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



## SOLID GROUP

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SOLID GROUP (CONT'D)

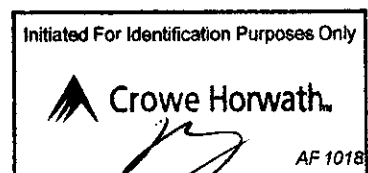
## 3.1 Proforma I

The details of Adjustments for the Acquisition of Subsidiaries are as follows:-

	← Adjustment for Acquisition of Subsidiaries →					Adjustments for Inter-company Elimination RM'000	Proforma A Total RM'000
	Solid Corporation Group RM'000	Twinco RM'000	Auto Empire RM'000	Solid RM'000	Total RM'000		
<b>ASSETS</b>							
<b>Non-Current Assets</b>							
Property, plant and equipment	16,057	398	341	-	16,796	2,591	19,387
Investment properties (*)	2,591	-	-	-	2,591	(2,591)	-
Other investment	26	76	-	-	102	-	102
Deferred tax assets	17	-	-	-	17	-	17
	<b>18,691</b>	<b>474</b>	<b>341</b>	<b>-</b>	<b>19,506</b>		<b>19,506</b>
<b>Current Assets</b>							
Inventories	23,739	5,151	5,874	-	34,764	(275)	34,489
Trade receivables	17,184	5,780	2,651	-	25,615	(436)	25,179
Other receivables, deposits, and prepayment	2,217	328	205	-	2,750	(51)	2,699
Amount owing by a related party company	-	-	268	-	268	(268)	-
Tax recoverable	97	135	-	-	232	-	232
Cash and bank balances	5,217	548	1,625	^	7,390	(1,306)	6,084
	<b>48,454</b>	<b>11,942</b>	<b>10,623</b>	<b>^</b>	<b>71,019</b>		<b>68,683</b>
<b>Total Assets</b>	<b>67,145</b>	<b>12,416</b>	<b>10,964</b>	<b>^</b>	<b>90,525</b>		<b>88,189</b>



## 11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



## SOLID GROUP

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SOLID GROUP (CONT'D)

## 3.1 Proforma I (Cont'd)

The details of Adjustments for the Acquisition of Subsidiaries are as follows:- (cont'd)

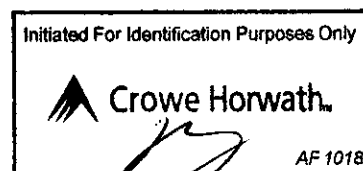
	← Adjustment for Acquisition of Subsidiaries →					Adjustments for Inter-company Elimination RM'000	Proforma A Total RM'000
	Solid Corporation Group RM'000	Twinco RM'000	Auto Empire RM'000	Solid RM'000	Total RM'000		
<b>EQUITY AND LIABILITY</b>							
Share capital	4,651	1,878	4,654	^	11,183	-	11,183
Share premium	2,636	-	-	-	2,636	-	2,636
Merger deficit	-	-	-	-	-	-	-
Capital reserve	-	-	-	-	-	-	-
Translation reserve	-	-	133	-	133	6	139
Retained profits	40,494	6,803	4,566	(61)	51,802	(1,518)	50,284
<b>Equity attributable to equity holders of the Company</b>	<b>47,781</b>	<b>8,681</b>	<b>9,353</b>	<b>(61)</b>	<b>65,754</b>		<b>64,242</b>
<b>Non-controlling interests</b>	<b>455</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>455</b>	<b>-</b>	<b>455</b>
<b>Total Equity</b>	<b>48,236</b>	<b>8,681</b>	<b>9,353</b>	<b>(61)</b>	<b>66,209</b>		<b>64,697</b>
<b>Non-Current Liabilities</b>							
Deferred tax liabilities	95	4	-	-	99	(69)	30
Long term borrowings	451	58	98	-	607	-	607
	546	62	98	-	706		637
<b>Current Liabilities</b>							
Trade payables	7,495	1,041	372	-	8,908	(704)	8,204
Other payables and accruals	3,501	259	103	61	3,924	(27)	3,897
Amount owing to shareholders	-	-	932	-	932	(24)	908
Short term borrowings	7,102	2,373	56	-	9,531	-	9,531
Tax payable	265	-	50	-	315	-	315
	18,363	3,673	1,513	61	23,610		22,855
<b>Total Liabilities</b>	<b>18,909</b>	<b>3,735</b>	<b>1,611</b>	<b>61</b>	<b>24,316</b>		<b>23,492</b>
<b>Total Equity and Liabilities</b>	<b>67,145</b>	<b>12,416</b>	<b>10,964</b>	<b>^</b>	<b>90,525</b>		<b>88,189</b>

## Notes:-

(\*) - Investment properties rented to Twinco.

(^)- Represents RM1

## 11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



## SOLID GROUP

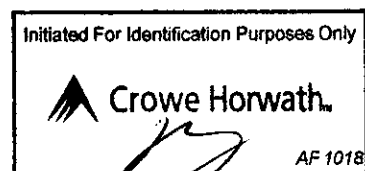
## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SOLID GROUP (CONT'D)

## 3.1 Proforma I (Cont'd)

	← Adjustment for Acquisition of Subsidiaries (Cont'd) →	
	Proforma A Total RM'000	Effect of Acquisition of Subsidiaries RM'000
		Proforma B After Proforma A and Effect of Acquisition of Subsidiaries RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	19,387	-
Other investment	102	-
Deferred tax assets	17	-
	19,506	19,506
<b>Current Assets</b>		
Inventories	34,489	-
Trade receivables	25,179	-
Other receivables, deposits, and prepayment	2,699	-
Tax recoverable	232	-
Cash and bank balances	6,084	-
	68,683	68,683
<b>Total Assets</b>	88,189	88,189

## 11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



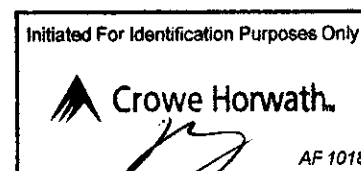
## SOLID GROUP

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SOLID GROUP (CONT'D)

## 3.1 Proforma I (Cont'd)

	← Adjustment for Acquisition of Subsidiaries (Cont'd) →	
	Effect of Acquisition of Subsidiaries	Proforma B After Proforma A and Effect of Acquisition of Subsidiaries
Proforma A Total RM'000		RM'000
<b>EQUITY AND LIABILITY</b>		
Share capital	46,125	57,308
Share premium	(2,636)	-
Merger deficit	(45,985)	(45,985)
Capital reserve	2,624	2,624
Translation reserve	-	139
Retained profits	(191)	50,093
<b>Equity attributable to equity holders of the Company</b>		<b>64,179</b>
<b>Non-controlling interests</b>	<b>63</b>	<b>518</b>
<b>Total Equity</b>		<b>64,697</b>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	-	30
Long term borrowings	-	607
		<b>637</b>
<b>Current Liabilities</b>		
Trade payables	-	8,204
Other payables and accruals	-	3,897
Amount owing to shareholders	-	908
Short term borrowings	-	9,531
Tax payable	-	315
		<b>22,855</b>
<b>Total Liabilities</b>		<b>23,492</b>
<b>Total Equity and Liabilities</b>		<b>88,189</b>

11. **PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)****SOLID GROUP****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SOLID GROUP (CONT'D)****3.1 Proforma I (Cont'd)**

Proforma I incorporates the effects of the following, the adjustments of which are as set out in Proforma A and B.

- (i) Acquisition by Solid Corporation of 10% interest in JBS not already owned by Solid Corporation for a purchase consideration of RM159,939 to be satisfied by the issuance of 319,878 new ordinary shares of RM0.50 each in Solid at par value.
- (ii) Acquisition by Solid of 99.56% interest in Solid Corporation for a purchase consideration of RM40,289,363 to be satisfied by the issuance of 80,578,726 new ordinary shares of RM0.50 each in Solid at par value.
- (iii) Acquisition by Solid of the entire issued and paid-up share capital of Twinco for a purchase consideration of RM7,597,500 to be satisfied by the issuance of 15,195,000 new ordinary shares of RM0.50 each in Solid at par value.
- (iv) Acquisition of the entire issued and paid-up share capital of Auto Empire for a purchase consideration of RM9,511,500 to be satisfied by the issuance of 18,522,394 new ordinary shares of RM0.50 each in Solid at par value and cash consideration of RM250,303.
- (v) The payments of a special single tier dividend of RM0.20 per share amounting to RM930,181 by Solid Corporation on 20 May 2013 and a special single tier dividend of RM0.20 per share amounting to RM375,683 by Twinco on 17 May 2013 both of which are in respect of the FYE 30 April 2013.

The results were consolidated using the merger method. Under the merger method, the difference between the acquisition cost and the nominal value of the share capital of the subsidiary is accounted for as merger reserve or deficit.