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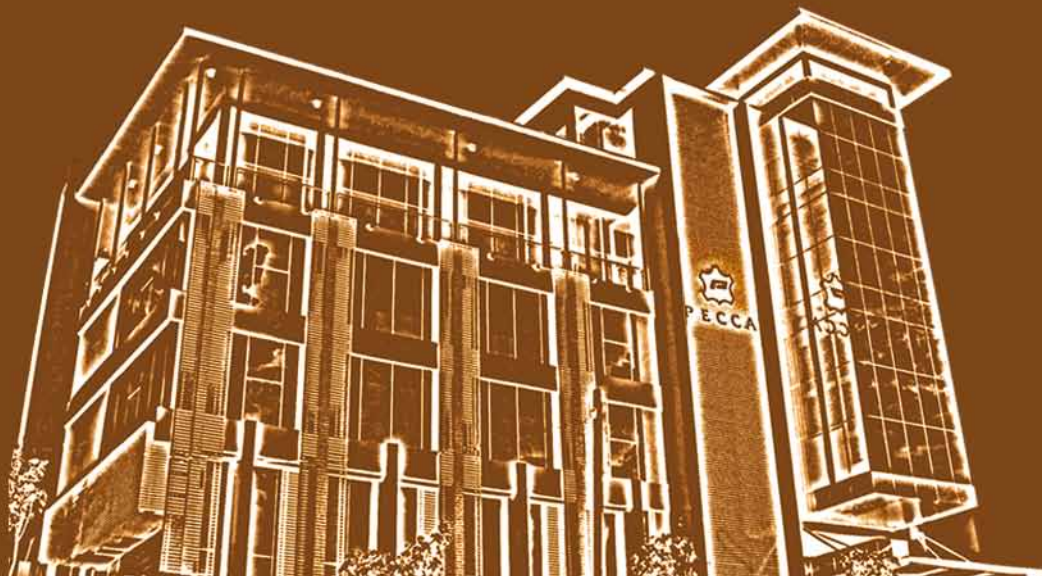
PECCA
GROUP BERHAD

PECCA GROUP BERHAD

(Company No. 909531-D)
(Incorporated in Malaysia under the Companies Act, 1965)

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PECCA GROUP BERHAD
(Company No. 909531-D)
(Incorporated in Malaysia under the Companies Act, 1965)

PROSPECTUS



PECCA
GROUP BERHAD

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(Company No. 909531-D)
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 47,796,000 NEW ORDINARY SHARES OF RM0.50 EACH IN PECCA GROUP BERHAD ("PECCA") COMPRISING:-

- 9,400,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 9,400,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES OF PECCA AND ITS SUBSIDIARIES; AND
- 28,996,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS;

AND

OFFER FOR SALE OF 43,330,000 ORDINARY SHARES OF RM0.50 EACH IN PECCA COMPRISING:-

- 24,530,000 ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
- 18,800,000 ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY WAY OF PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY;

AT AN ISSUE/ OFFER PRICE OF RM1.42 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION IN CONJUNCTION WITH THE LISTING OF PECCA ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

Principal Adviser, Joint Underwriter and Joint Placement Agent



AmInvestment Bank

AmInvestment Bank Berhad

(Company No. 23742-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriter and Joint Placement Agent

HongLeong Investment Bank

Hong Leong Investment Bank Berhad (10209-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

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

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO SECTION 3 FOR "RISK FACTORS".

THIS PROSPECTUS IS DATED 29 MARCH 2016



PROSPECTUS

RESPONSIBILITY STATEMENTS

THE DIRECTORS AND PROMOTERS OF PECCA GROUP BERHAD ("**PECCA**" OR "**OUR COMPANY**") AND THE OFFERORS HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION IN THIS PROSPECTUS. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THE PROSPECTUS FALSE OR MISLEADING.

AMINVESTMENT BANK BERHAD BEING THE PRINCIPAL ADVISER, JOINT UNDERWRITER AND JOINT 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 THE INITIAL PUBLIC OFFERING ("**IPO**").

STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION MALAYSIA ("**SC**") HAS APPROVED THE IPO AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE IPO 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 THE PART OF THE COMPANY 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.

THE VALUATION UTILISED FOR THE PURPOSE OF THE CORPORATE EXERCISE SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT ASSETS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. 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 ADVISERS IMMEDIATELY.

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE IPO, OUR COMPANY OR OUR SECURITIES.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE HEREIN BY US AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS. BURSA SECURITIES MAKES NO REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF THIS PROSPECTUS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS WHATSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THIS PROSPECTUS.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE 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 THE IPO FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE SECURITIES OF PECCA ARE CLASSIFIED AS SHARIAH COMPLIANT BY THE SHARIAH ADVISORY COUNCIL OF THE SC BASED ON THE LATEST AUDITED FINANCIAL YEAR ENDED 30 JUNE 2015. THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THE PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW UNDERTAKEN BY THE SHARIAH ADVISORY COUNCIL OF THE SC. THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES, ON THE LAST FRIDAY OF MAY AND NOVEMBER.

THE PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT <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 HWANG INVESTMENT BANK BERHAD AT <http://trade.affinhwang.com>, THE WEBSITE OF AFFIN BANK BERHAD AT <http://www.affinonline.com>, THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT <http://www.eipocimb.com>, THE WEBSITE OF CIMB BANK BERHAD AT <http://www.cimbclicks.com.my>, THE WEBSITE OF MALAYAN BANKING BERHAD AT <http://www.maybank2u.com.my>, THE WEBSITE OF RHB BANK BERHAD AT <http://www.rhbgroup.com> AND THE WEBSITE OF PUBLIC BANK BERHAD AT <http://www.pbebank.com> 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 INSTITUTIONS. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

IF YOU ARE IN DOUBT ABOUT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM OUR COMPANY, THE PRINCIPAL ADVISER OR THE ISSUING HOUSE, 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 ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL.

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) OUR COMPANY DOES NOT ENDORSE AND IS NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, OUR COMPANY IS NOT RESPONSIBLE FOR THE AVAILABILITY OF, THE CONTENT ON, 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) OUR COMPANY IS 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. OUR COMPANY IS 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. OUR COMPANY IS 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 THAT 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.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE IPO ARE SUBJECT TO THE LAWS OF MALAYSIA. THIS PROSPECTUS WILL NOT BE DISTRIBUTED OUTSIDE MALAYSIA. OUR COMPANY, THE PROMOTERS, THE OFFERORS AND THE PRINCIPAL ADVISER HAVE NOT AUTHORISED AND ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. OUR COMPANY, THE PROMOTERS, THE OFFERORS AND THE PRINCIPAL ADVISER HAVE NOT TAKEN ANY ACTION TO PERMIT A PUBLIC OFFERING OF THE SECURITIES IN ANY JURISDICTION OTHER THAN MALAYSIA BASED ON THIS PROSPECTUS. ACCORDINGLY, THIS PROSPECTUS MAY NOT BE USED FOR THE PURPOSE OF AND DOES NOT CONSTITUTE AN OFFER FOR PURCHASE OR INVITATION TO BUY THE SECURITIES OFFERED UNDER THE IPO IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE IN WHICH AN OFFER IS NOT AUTHORISED OR LAWFUL OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THIS PROSPECTUS AND THE SALE OF THE SECURITIES OFFERED UNDER THE IPO IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. OUR COMPANY, THE PROMOTERS, THE OFFERORS AND THE PRINCIPAL ADVISER REQUIRE YOU TO BE INFORMED AND TO OBSERVE SUCH RESTRICTIONS.

THIS PROSPECTUS IS PUBLISHED SOLELY IN CONNECTION WITH THE IPO. THE SECURITIES BEING OFFERED IN THE IPO ARE OFFERED SOLELY ON THE BASIS OF THE INFORMATION CONTAINED AND REPRESENTATIONS MADE IN THIS PROSPECTUS. NEITHER OUR COMPANY NOR THE PROMOTERS/OFFERORS HAVE AUTHORISED ANYONE TO PROVIDE INFORMATION OR TO MAKE ANY REPRESENTATION 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.

OUR COMPANY WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE IPO, 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 SUBJECTED TO THE LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA, TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE IPO WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE IPO WOULD BE IN COMPLIANCE WITH THE TERMS OF THE IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED. OUR COMPANY WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THE IPO IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECT ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

HOWEVER, OUR COMPANY RESERVES THE RIGHT, IN OUR ABSOLUTE DISCRETION, TO TREAT ANY ACCEPTANCE AS INVALID IF OUR COMPANY BELIEVES THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THIS PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS ON THE LAWS TO WHICH THE IPO OR YOU ARE OR MIGHT BE SUBJECTED TO. NEITHER OUR COMPANY NOR THE PRINCIPAL ADVISER NOR ANY OTHER ADVISERS IN RELATION TO THE IPO SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, VOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

THE CIRCULATION OF THIS PROSPECTUS AND THE IPO MAY BE RESTRICTED IN CERTAIN JURISDICTIONS OUTSIDE MALAYSIA AND THEREFORE PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES SHALL SEEK ADVICE ON AND OBSERVE ANY SUCH RESTRICTIONS. THIS PROSPECTUS DOES NOT CONSTITUTE AN ISSUE, OFFER OR INVITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH ISSUE, OFFER OR INVITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH ISSUE, OFFER OR INVITATION.

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INDICATIVE TIMETABLE

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

<u>Date</u>	<u>Event</u>
29 March 2016	: Issuance of Prospectus/ opening date of the Initial Public Offering ("IPO")
5 April 2016	: Closing date of the IPO
7 April 2016	: Tentative date for balloting of applications
18 April 2016	: Tentative date for allotment of IPO shares
19 April 2016	: Tentative listing date

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES.

THE APPLICATION PERIOD WILL REMAIN OPEN UNTIL 5.00 P.M. ON 5 APRIL 2016 OR FOR SUCH FURTHER PERIOD OR PERIODS AS OUR DIRECTORS, PROMOTERS AND OFFERORS TOGETHER WITH OUR UNDERWRITERS IN THEIR ABSOLUTE DISCRETION MAY MUTUALLY DECIDE. WE WILL NOT ACCEPT LATE APPLICATIONS.

IN THE EVENT THAT THE CLOSING DATE OF THE IPO IS EXTENDED, THE DATES FOR THE BALLOTING, ALLOTMENT AND ALLOCATION OF THE IPO SHARES AND THE LISTING OF OUR COMPANY WILL BE EXTENDED ACCORDINGLY. ANY EXTENSION OF THE ABOVEMENTIONED DATES WILL BE ANNOUNCED BY WAY OF ADVERTISEMENT IN A WIDELY CIRCULATED BAHASA MALAYSIA AND ENGLISH DAILY NEWSPAPER IN MALAYSIA.

PRESENTATION OF INFORMATION

Words referring to the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include a company or a corporation.

Any enactment referred to in this Prospectus is a reference to that enactment for the time being amended or re-enacted.

All references to "Pecca" or "the Company" or "our Company" in this Prospectus are to Pecca Group Berhad, references to "Pecca Group" or "the Group" or "our Group" are to our Company and our subsidiaries, and references to "we" or "us" or "our" or "ourselves" are to our Company, and where the context requires, our Company and our subsidiaries.

Any reference in this Prospectus, the Application Form(s), Electronic Share Application or Internet Share Application to any legislation, statute or statutory provision is a reference to that legislation, statute or statutory provision for the time being as amended or re-enacted, and to any repealed legislation, statute or statutory provision which it re-enacts (with or without modification). Any word defined in the Act, CMSA, Listing Requirements or any statutory modification thereof and used in this Prospectus and the Application Form(s) shall, where applicable, have the meaning ascribed to it under the Act, CMSA, Listing Requirements or any statutory modification thereof (as the case may be).

Any reference to a time of day in this Prospectus, the Application Form(s), Electronic Share Applications or Internet Share Applications shall be a reference to Malaysia time unless otherwise stated.

The term "entity" includes a corporation, an unincorporated association, a partnership and the government of any state, but does not include a trust.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest tenth/ hundredth or one/ two decimal places. Any numeric discrepancies in the tables included in this Prospectus between the listed amounts and the totals thereof are due to rounding differences.

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

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FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Group for future operations, are forward-looking statements.

Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed, or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies, and the environment in which we will operate in the future. Such forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitation, statements relating to:-

- (a) our future overall business development, operations and financial performance;
- (b) estimated, forecasted or projected financial information in relation to the future development and financial performance of our business;
- (c) potential growth opportunities including advancements in products, services and developments in technology;
- (d) financing plans;
- (e) business strategies, trends, competitive position and future plans;
- (f) competitive position and the effects of competition;
- (g) our future earnings, cash flow and liquidity;
- (h) the general industry environment, including the demand for our products and services in Malaysia; and
- (i) the regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors, including, without limitation:-

- (a) the general economic and business conditions, social, political and economic developments, demand and supply for our products and services and investment environment in Malaysia and globally;
- (b) the competitive environment in our industry;
- (c) fixed and contingent obligations and commitments;
- (d) delays, cost overruns or problems with the execution of our expansion plans;
- (e) continued availability of capital and financing;
- (f) interest rates, tax rates and foreign exchange rates;
- (g) significant capital expenditure requirements;

FORWARD-LOOKING STATEMENTS (Cont'd)

- (h) future regulatory changes affecting us or the automotive industry or automotive leather upholstery industry in Malaysia;
- (i) liability for remedial actions under environmental and/or health and safety regulations;
- (j) the cost and availability of adequate insurance coverage; and
- (k) any other factors beyond our control.

Additional factors that could cause our actual results, performance or achievements, or industry results to differ materially include, but are not limited to, those discussed elsewhere in Section 3 of this Prospectus on "Risk Factors" and Section 8.4 of this Prospectus on "Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects". Our Company cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. Subject to any applicable laws, rules, regulations and guidelines having the force of law, our Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement 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.

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DEFINITIONS

In this Prospectus, unless where the context requires otherwise, the following words and abbreviations shall have the following meanings:-

- Acquisition of 60% PAviation** : The acquisition by Pecca of 60.0% of the issued and paid-up share capital of PAviation comprising 60,000 ordinary shares of RM1.00 each for a purchase consideration of RM60,000 satisfied wholly by the issuance of 120,000 new Shares at an issue price of RM0.50 per share
- Acquisition of PLeather** : The acquisition by Pecca of the entire issued and paid-up share capital of PLeather comprising 9,200,002 ordinary shares of RM1.00 each for a purchase consideration of RM70,041,997 satisfied wholly by the issuance of 140,083,994 new Shares at an issue price of RM0.50 per share
- Acquisition of EEmpire** : The acquisition by Pecca of the entire issued and paid-up share capital of EEmpire comprising 6,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM5,980,000 satisfied wholly by cash
- Acquisitions** : Collectively, the Acquisition of EEmpire, Acquisition of PLeather and Acquisition of 60% PAviation
- Act** : The Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force
- ADA** : Authorised Depository Agent
- ADA Code** : ADA (Broker) Code
- Admission** : Admission of the Shares to the Official List of the Main Market of Bursa Securities
- Allotment** : The allotment and issuance of two (2) Shares in Pecca with one (1) Share each to Datuk Teoh Hwa Cheng and Chong Swee Main respectively.
- AmlInvestment Bank Principal Adviser** or : AmlInvestment Bank Berhad (23742-V)
- Application Form(s)** : The printed Application Form(s) for the application for the IPO Shares
- Application(s)** : The application for the IPO Shares by way of Application Forms or by way of Electronic Share Application or Internet Share Application
- Asia Pacific International Entrepreneur Excellence Award** : Asia Pacific International Entrepreneur Excellence Award awards outstanding entrepreneurs who have shown business excellence in the respective industry. This award recognises leadership qualities, abilities in achieving the company's vision and empowering staff, and the leader's acute management skills. The evaluation criteria includes business and company strength, certification and accreditation, R&D, innovation, financial performance and corporate social responsibility
- ATM(s)** : Automated Teller Machine(s)
- AUD** : Australian Dollar
- BNM** : Bank Negara Malaysia

DEFINITIONS (Cont'd)

Board or Directors	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W), a subsidiary of Bursa Securities
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CDS	:	Central Depository System
Central Depositories Act	:	The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force
CMSA	:	Capital Markets and Services Act, 2007 or any statutory modification, amendments or re-enactment thereof for the time being in force
DCA	:	Department of Civil Aviation, Malaysia
Deloitte	:	Deloitte Malaysia, a member firm of Deloitte Touche Tohmatsu Limited (Deloitte)
Deposited Security	:	A security in our Company standing to the credit of a Securities Account of a Depositor subject to the provision of the Central Depositories Act and the Rules
Depositor	:	A holder of a Securities Account
Dividend Payment	:	Distribution by PLeather to its shareholders the following dividends:- (i) First interim dividend amounted to approximately RM2.58 million which was declared on 2 December 2014 and paid on 10 December 2014; and (ii) Second interim dividend amounted to approximately RM5.70 million which was declared on 28 May 2015 and paid on 19 June 2015. The aforementioned dividends was declared and paid from PLeather's PAT generated for the FYE 2015 Please refer to Section 4.2 (a) of this Prospectus for further details
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EEmpire	:	Everest Empire Sdn Bhd (956220-V)
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
Electronic Share Application or ESA	:	An application for the Offer Shares through Participating Financial Institutions' ATM
EPS	:	Earnings per Share
EUR	:	Euro
FAA	:	Federal Aviation Administration, USA

DEFINITIONS (Cont'd)

FMM	:	Federation of Malaysian Manufacturers
FIC	:	Foreign Investment Committee
FPE	:	Financial period(s) for the five (5) months ended or, as the case may be, ending 30 November
FYE	:	Financial year(s) ended or, as the case may be, ending 30 June
GDP	:	Gross domestic product
Golden Bull Award	:	The qualifying criteria for the Golden Bull Award is based on companies with annual sales turnover of RM5 million to RM75 million for the past three (3) financial years. Evaluation of the award nominees is conducted based on criteria such as prospects of the management, vision and mission statements, corporate uniqueness and philosophy, growth prospects for the next three (3) to five (5) years, major innovations, market presence, information technology usage and financial performance. The annual Golden Bull Award is open to all SMEs, including previous winners. In total, one hundred (100) winners will be selected for the Outstanding SMEs Category, twenty (20) winners will be selected for the Emerging SMEs Category and ten (10) winners will be selected for the Super Golden Bull Category annually
GP	:	Gross profit
Independent Valuers or PPC Registered	:	PPC International Sdn Bhd (405011-U)
Internet Participating Financial Institution(s)	:	Participating organisation(s) in the Internet Share Application, as listed in Section 14.6.2 of this Prospectus
Internet Share Application	:	Application for the IPO Shares through an Internet Participating Financial Institution
IPO	:	Initial public offering comprising the Public Issue and Offer for Sale collectively
IPO Price	:	RM1.42 per IPO Share, being the price payable by investors under the Public Issue and Offer for Sale
IPO Share(s)	:	Collectively, the Public Issue Shares and Offer Shares
ISO	:	International Organisation for Standardisation
ISO/TS	:	International Organisation for Standardisation/ Technical Specification
Issuing House or MIH	:	Malaysian Issuing House Sdn Bhd (258345-X)
JO	:	Job Order
Joint Underwriters or Joint Placement Agents	:	AmlInvestment Bank Berhad (23742-V) and Hong Leong Investment Bank Berhad (10209-W)
Listing	:	Admission to the Official List and the listing of and quotation for our entire issued and paid up share capital of RM94,000,000 comprising 188,000,000 Shares on the Main Market of Bursa Securities

DEFINITIONS (Cont'd)

Listing Requirements	:	The Main Market Listing Requirements of Bursa Securities
Listing Scheme	:	Collectively, the Dividend Payment, Subdivision, Allotment, Acquisitions, IPO and Listing collectively
LOI	:	Letter of Intent
LPD	:	29 February 2016, being the latest practicable date prior to the printing of this Prospectus by our Company
M&A	:	Memorandum and Articles of Association
MEF	:	Malaysian Employers Federation
Malaysian Public or Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	:	A day on which the stock market of Bursa Securities is open for trading in securities
MITI	:	Ministry of International Trade and Industry
MRZ	:	MRZ Leather Holdings Sdn Bhd (623330-M)
NBV	:	Net book value
NTA	:	Net tangible assets
Offer for Sale	:	The invitation by the Offerors to selected investors to purchase the Offer Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Offer Shares	:	The 43,330,000 Shares, which are the subject of the Offer for Sale
Offerors or Selling Shareholders	:	Collectively, MRZ and Datuk Teoh Hwa Cheng. Their respective Offer Shares are as follows:

Offerors	No. of Offer Shares	% of Enlarged Share Capital
MRZ	35,130,000	18.69
Datuk Teoh Hwa Cheng	8,200,000	4.36
Total	43,330,000	23.05

Official List	:	The official list of the Main Market of Bursa Securities
OHSAS	:	Occupational Health & Safety Advisory Services
Participating Financial Institution(s)	:	Refers to the participating financial institutions for Electronic Share Application as listed in Section 14.5.2 of this Prospectus
PAT	:	Profit after taxation

DEFINITIONS (Cont'd)

PBT	:	Profit before taxation
PE Multiple	:	Price earnings multiple
Pecca or Company	:	Pecca Group Berhad (909531-D)
Pecca Group or the Group	:	Pecca and its subsidiaries, collectively
Pecca Share(s) or Share(s)	:	Ordinary share(s) of RM0.50 each in Pecca
PAviation	:	Pecca Leather Aviation Services Sdn Bhd (862902-W)
PLeather	:	Pecca Leather Sdn Bhd (518370-H)
Pink Form Shares	:	The 9,400,000 Public Issue Shares of our Company representing 5.0% of the enlarged issued and paid-up share capital of our Company at the IPO Price to be issued to the eligible Directors, employees and business associates of our Group
PO	:	Purchase Order
Prescribed Security	:	Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules
Promoters	:	Collectively, MRZ, Datuk Teoh Hwa Cheng and Datin Sam Yin Thing
Prospectus	:	This Prospectus dated 29 March 2016 issued by our Company in respect of the IPO
Public Issue	:	The invitation by our Company to the public to subscribe for the Public Issue Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of the Prospectus
Public Issue Shares	:	The 47,796,000 new Shares, which are the subject of the Public Issue
PVC	:	Polyvinyl Chloride
QA/QC	:	Quality Assurance/ Quality Control
R&D	:	Research and development
Record of Depositors	:	A record provided by the Bursa Depository to our Company under Chapter 24.0 of the Rules
RFP	:	Request for Proposal
RFQ	:	Request for Quotation
RM and sen	:	Ringgit Malaysia and sen respectively
Rules	:	The Rules of the Bursa Depository
SAC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission Malaysia
SC Guidelines	:	Equity and Prospectus Guidelines issued by the SC

DEFINITIONS (Cont'd)

Seatcoverpro	:	Seatcoverpro Sdn Bhd (846403-P)
Securities Account	:	An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
SGD	:	Singapore Dollars
Share Registrar	:	Boardroom Corporate Services (KL) Sdn Bhd (3775-X)
SME(s)	:	Small medium sized enterprise(s)
SMIDEC	:	Small and Medium Industries Development Corporation
SO	:	Sales Order
Sq Ft	:	Square feet
Subdivision	:	Subdivision of 2 ordinary shares of RM1.00 each in Pecca into 4 new Shares on the basis of 2 new Shares for every 1 existing ordinary share of RM1.00 each
THC Auto	:	THC Auto Supply Sdn Bhd (<i>formerly known as Pecca Auto Sdn Bhd</i>) (877139-W)
THC LHoldings	:	THC Leather Holdings Sdn Bhd (<i>formerly known as Pecca Holdings Sdn Bhd</i>) (822378-T)
THC Venture	:	THC Venture Sdn Bhd (<i>formerly known as Pecca Koike Sdn Bhd</i>) (887044-V)
UK	:	United Kingdom
USA or US	:	United States of America
USD	:	United States Dollars
Vendors of PAviation	:	Datuk Teoh Hwa Cheng and Datin Sam Yin Thing collectively
Vendors of PLeather	:	MRZ, Datuk Teoh Hwa Cheng and Syed Mohammad Hafiz bin Syed Razlan collectively
Wohlstand	:	Wohlstand Jet Solution Sdn Bhd (1084736-H)

Words referring to the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include a company or a corporation.

Any enactment referred to in this Prospectus is a reference to that enactment for the time being amended or re-enacted.

GLOSSARY OF TECHNICAL TERMS

- 3-D** : Three-dimensional, an image that provides the perception of length
- AQL** : Acceptable Quality Level refers to a statistical measurement of the maximum number of defective goods considered acceptable in a particular batch or sample size. It defines the maximum tolerable deviation from quality standards under the ISO 2859-1 standard that is commonly used for product or raw material inspection
- AIAG** : Automotive Industry Action Group, this refers to a global not-for-profit association of companies involved in the automotive industry which work collaboratively to streamline industry processes. It is comprised of retailers, suppliers, manufacturers, service providers, academia and the government
- BO** : Blanket Order refers to a purchase order issued by the client to its supplier to purchase undetermined quantity of goods in multiple deliveries over a period of time
- Bureau Veritas** : Bureau Veritas (M) Sdn Bhd, a company of the Bureau Veritas Group which was established since 1828 and based in Paris, is a leading global service-provider in testing, inspection and certification in the area of quality, safety, environmental protection and social responsibilities management systems. With around 400,000 clients globally, Bureau Veritas offers innovative solutions and helps clients to reduce risk, improve performance as well as to meet the growing challenges of quality and sustainable development
- CNC** : Computer Numerical Control refers to a technology which a computer converts the design produced by Computer Aided Design softwares (CAD), into numbers. The numbers can be considered to be the coordinates of a graph and they control the movement of the cutter. In this way the computer controls the cutting and shaping of the material
- CSIPO** : Chinese State Intellectual Property Office, this refers to the government agency responsible for patent works and coordination of foreign related affairs in the field of intellectual property in China
- EMS** : Environmental Management System, this refers to a set of processes and practices that enables an organisation to reduce its environmental impacts and increase its operating efficiency
- FBO** : Fixed-based Operator, this refers to a commercial business granted the right by a particular airport to provide aeronautical services such as fuelling, hangering, parking, aircraft rental, aircraft maintenance, flight instruction as well as other ancillary services to airlines and private aircraft owners
- FMVSS** : Federal Motor Vehicle Safety Standards, this refers to USA's federal regulations specifying the minimum design, construction, performance and durability requirements for motor vehicles and regulated safety-related components, systems and design features. It is among the leading international standards which manufacturers of motor vehicle and equipment seek to conform and certify compliance

GLOSSARY OF TECHNICAL TERMS (Cont'd)

IPQC	:	In-Process Quality Control, this refers to a new paradigm in quality-control that involves rapid and simple inspection, as product quality feedback, on each manufacturing equipment, processes and operators when the manufacturing of the product batch is in process. It enforces the flow of established manufacturing and packaging procedures to minimise human error
JIT	:	Just-in-time refers to an inventory strategy deployed to increase efficiency and decrease waste by receiving goods only as they are needed in the production process, thereby reducing inventory costs
MRO	:	Maintenance, repair and overhaul, this refers to a set of processes or activities involved in the maintaining, repairing or overhauling of mechanical and electrical devices or equipment. Maintenance involves periodic inspection and replacement of non-functioning components of a mechanism to prevent future potential malfunctions. Repair involves replacement or restoration of malfunctioned components of a mechanism. Overhaul is a process of disassembling a mechanism to thoroughly identify all faulty or non-performing components that are required to be replaced or repaired, which is subsequently reassembled to restore full performance. In the aviation industry, MRO typically relates to the maintenance services of aircrafts
MS	:	Management System, this refers to a framework of processes and procedures used by the practicing organisation to manage and continuously improve their operating efficiency to achieve their objectives
OE Fit	:	<p>Our leather car seat covers are designed in many varying forms, shapes and sizes depending on car models, specifications and methods of installation as follows:-</p> <p>(a) We supply and install the leather car seat covers onto the new car seats manufactured by Tier 1 car seat manufacturers. The Tier 1 car seat manufacturers will supply the completely assembled car seats fitted with our leather seat covers to car manufacturers or assemblers for final installation onto the cars for the OEM market segment; or</p> <p>(b) The car seats are dismantled for the purposes of removing or stripping off the pre-installed fabric car seat covers. Our OE Fit leather seat covers are subsequently installed onto the bare car seats. The car seats installed with our OE Fit leather seat covers will then be reinstalled onto the cars. This OE Fit product caters to the end users in the REM market segment</p>
OE Leather Car Seat Cover	:	A car seat cover category whereby car manufacturer clients provide the specification, such as the design, seat profile and combination of materials configuration (leather, PVC and carpet)
OEM	:	Original Equipment Manufacturer, in the automotive sector, this refers to the company that typically design the final product and develop its distribution networks

GLOSSARY OF TECHNICAL TERMS (Cont'd)

PCT	:	Patent Cooperation Treaty, this refers to an international agreement for an unified procedure in filing patent applications in over 140 countries, which allows the inventor to seek protection globally by a single application
PDI	:	Pre-Delivery Inspection, this refers to the final process in automotive manufacturing, which prepares the vehicle before delivery to end-customers
Production Part Approval	:	An industry guideline that details the specific reports and documentation necessary to gain part approval in the automotive industry. It is governed by a manual published by the Automotive Industry Action Group
PSW	:	Part Submission Warrant, in the automotive industry, this refers to a document that summarises the entire Production Part Approval Process of a tender, including, amongst others, the part name, supplier's contact information, customer's contact information and material report
Pull Belt System	:	A car seat cover installation technique that utilises elastic loops and hooks attached on the back of the car seat cover to be strapped onto the base of the car seat to enable firm attachment
QMS	:	Quality Management System, this refers to a set of policies and procedures that enable an organisation to identify, measure, control and improve core processes to consistently meet clients' specification and expectation
Quick Fit	:	Our patented one (1) piece PVC car seat covers designed to fit onto the back of the seat and seat cushion. It is designed to be fitted onto a car seat without having to dismantle the car seat and to remove the original fabric car seat covers. Our Quick Fit product caters for the REM market segment
REM	:	Replacement Equipment Manufacturer, in the automotive sector, this refers to manufacturers that produce replacement parts and components that extend or enhance the use of existing vehicles. It is naturally comprised of suppliers for OEM as they have matching specifications
Smart Fit	:	Our patented leather car seat covers separated into two (2) pieces comprising covers for the back of the seat and seat cushion. It is designed to be fitted onto a car seat without having to dismantle the car seat from the car and to remove the original fabric car seat covers. Our Smart Fit product also encompasses car door trims. Presently, our Smart Fit product caters for the PDI market segment. We plan to supply our Smart Fit product to the REM market segment when open our own retail outlets
SPC	:	Statistical Process Control, this refers to a method to monitor and control quality during the manufacturing process on a real time basis to ensure maximum production of conforming product and reduce the waste to a minimum level. SPC can be applied to any process where the output of conforming products can be measured. Key tools used in SPC includes control charts

GLOSSARY OF TECHNICAL TERMS (Cont'd)

- Stylelab** : In-house Automotive Interior Design and Styling Department of PLeather
- Tier 1 Car Seat Manufacturers** : In the automotive supply chain, the Tier-1 manufacturers are the direct suppliers of finished components and parts to the OEM for installation in the OEM vehicle assembly line. In regards to automotive car seats, the Tier-1 manufacturers essentially produce the finished seats by means of assembly of various seat components comprising seat frames, automotive seat systems and leather/ PVC/ fabric upholstery depending on the seat cover specification by the car manufacturer
- TUV NORD** : TUV NORD CERT GmbH, a company of the TÜV NORD Group, is a service-provider for comprehensive testing and certification on the basis of national and international specifications and standards for products, services and management systems. The company employs over 10,000 employees and operating in over 70 countries, and is renowned for its broad range of services with over 700 national and international accreditations, as well as voluntary testing standards in personnel, product and system certification
- VAVE** : Value Analysis/ Value Engineering is a problem solving activity that focuses on improving the value of the functions that are required to accomplish the goal or objective of any product, process, service or organisation. Its goal is the systematic application of recognised techniques that identify the functions of the product or service, establish the worth of those functions and provide only the necessary functions to meet the required performance at the lowest overall cost. VAVE eliminates or minimises wasted material, time and product cost to improve value to the customer. Part of the VAVE exercise implemented by our Group is to propose the swapping of leather and PVC configuration at selected sections of the leather car seat covers which have minimum contact with the end user in order to meet the lower target cost requirement of customer and at the same time does not compromise the overall quality of the product supplied
- VDA and VDA 6.3** : The German Association of the Automotive Industry (Verband der Automobilindustrie e. V.).
- The VDA 6.3 defines a process based audit standard in accordance with the VDA Manual 6 part 3 for evaluating and improving controls in a manufacturing organisation's new product introduction and manufacturing processes. The standard reflects customer specific requirements in the automotive industry. The compliance to VDA 6.3 standard is a pre-requisite qualifying condition and allows a company to become a potential approved vendor to German based car manufacturers and to maintain a high quality standard within the organisation
- Velcro Installation** : A brand of fastening tape consisting opposing pieces of fabric, one with a dense arrangement of tiny nylon hooks and the other with a dense nylon pile, that interlock when pressed together

CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name/ Designation	Address	Profession	Nationality
Dato' Mohamed Suffian bin Awang (Independent Non-Executive Chairman)	Lot 2199-2, Desa Permai Kg Sungai Soi 25300 Kuantan Pahang Darul Makmur Malaysia	Company Director	Malaysian
Datuk Teoh Hwa Cheng (Group Managing Director)	23A, Elitis Teja Valencia 47000 Sungai Buloh Selangor Darul Ehsan Malaysia	Company Director	Malaysian
Datin Sam Yin Thing (Executive Director)	23A, Elitis Teja Valencia 47000 Sungai Buloh Selangor Darul Ehsan Malaysia	Company Director	Malaysian
Tan Jin Sun (Executive Director)	76, The Mansions Changkat Intisari Desa Parkcity 52200 Kuala Lumpur Malaysia	Company Director	Malaysian
Sam Chee Keng (Executive Director)	96, Elitis Tirai Rimba Valencia 47000 Sungai Buloh Selangor Darul Ehsan Malaysia	Company Director	Malaysian
Dato' Dr Norraesah binti Haji Mohamad (Independent Non-Executive Director)	45, Persiaran Burhanuddin Helmi Taman Tun Dr Ismail 60000 Kuala Lumpur Wilayah Persekutuan Malaysia	Company Director	Malaysian
Leong Kam Weng (Independent Non-Executive Director)	22A, Jalan PJU 7/23 Mutiara Damansara 47810 Petaling Jaya Selangor Darul Ehsan Malaysia	Advocate and Solicitor	Malaysian

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CORPORATE DIRECTORY (Cont'd)**AUDIT AND RISK MANAGEMENT COMMITTEE**

Name	Designation	Directorship
Leong Kam Weng	Chairman	Independent Non-Executive Director
Dato' Mohamed Suffian bin Awang	Member	Independent Non-Executive Chairman
Dato' Dr Norraesah binti Haji Mohamad	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Dr Norraesah binti Haji Mohamad	Chairman	Independent Non-Executive Director
Leong Kam Weng	Member	Independent Non-Executive Director
Datuk Teoh Hwa Cheng	Member	Group Managing Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Mohamed Suffian bin Awang	Chairman	Independent Non-Executive Chairman
Dato' Dr Norraesah binti Haji Mohamad	Member	Independent Non-Executive Director
Leong Kam Weng	Member	Independent Non-Executive Director

COMPANY SECRETARIES : Tai Yit Chan (MAICSA 7009143)
56, Jalan SS 22/29
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tan Ai Ning (MAICSA 7015852)
7-8-1, Menara Hartamas
Jalan Sri Hartamas 3
50480 Kuala Lumpur
Malaysia

REGISTERED OFFICE : Lot 6.05, Level 6, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Telephone No. : (03) 7720 1188
Facsimile No. : (03) 7720 1111

CORPORATE DIRECTORY (Cont'd)

- HEAD OFFICE** : No. 1, Jalan Perindustrian Desa Aman 1A
Industri Desa Aman
Kepong
52200 Kuala Lumpur
Malaysia
Telephone No. : (03) 6275 1800/ 6275 3800
Facsimile No. : (03) 6275 9867
E-mail : enquiry@peccaleather.com
Website : www.peccaleather.com
- SHARE REGISTRAR** : Boardroom Corporate Services (KL) Sdn Bhd (3775-X)
Lot 6.05, Level 6, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Telephone No. : (03) 7720 1188
Facsimile No. : (03) 7720 1111
- AUDITORS AND REPORTING ACCOUNTANTS** : Crowe Horwath
Chartered Accountants
Kuala Lumpur Office
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia
Telephone No. : (03) 2788 9999
Facsimile No. : (03) 2788 9998
- SOLICITORS FOR THE IPO** : Jeff Leong, Poon & Wong
Advocates & Solicitors
B-11-8, Level 11
Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia
Telephone No. : (03) 2203 3388
Facsimile No. : (03) 2203 3390
- INDEPENDENT REGISTERED VALUERS** : PPC International Sdn Bhd (405011-U)
8th Floor, Campbell Complex
98, Jalan Dang Wangi
50100 Kuala Lumpur
Malaysia
Telephone No. : (03) 2692 3236
Facsimile No. : (03) 2692 6457
- PRINCIPAL BANKERS** : United Overseas Bank (Malaysia) Bhd (271809-K)
Kuala Lumpur Main Branch
Menara UOB, Jalan Raja Laut
50350 Kuala Lumpur
Malaysia
Telephone No. : (03) 2692 7722
Facsimile No. : (03) 2691 3110

CORPORATE DIRECTORY (Cont'd)

- HSBC Bank Malaysia Berhad (127776-V)
43 & 45, Jalan Metro Perdana 7
Taman Usahawan Kepong
Kepong Utara
52100 Kuala Lumpur
Malaysia
Telephone No. : (03) 6254 6800
Facsimile No. : (03) 6259 5025
- HSBC Amanah Malaysia Berhad (807705-X)
43 & 45, Jalan Metro Perdana 7
Taman Usahawan Kepong
Kepong Utara
52100 Kuala Lumpur
Malaysia
Telephone No. : (03) 6254 6800
Facsimile No. : (03) 6259 5025
- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS** : Frost & Sullivan GIC Malaysia Sdn Bhd (768648-K)
Suite C-11-02, Block C
Plaza Mont' Kiara
2, Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur
Malaysia
Telephone No. : (03) 6204 5800
Facsimile No. : (03) 6201 7402
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Telephone No. : (03) 7841 8000
Facsimile No. : (03) 7841 8150
- PRINCIPAL ADVISER, JOINT UNDERWRITER AND JOINT PLACEMENT AGENT** : AmInvestment Bank Berhad (23742-V)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia
Telephone No. : (03) 2036 2633
Facsimile No. : (03) 2070 8596
- JOINT UNDERWRITER AND JOINT PLACEMENT AGENT** : Hong Leong Investment Bank Berhad (10209-W)
Level 8, Wisma Hong Leong
18, Jalan Perak
50450 Kuala Lumpur
Malaysia
Telephone No. : (03) 2168 1168
Facsimile No. : (03) 2164 8880
- LISTING SOUGHT** : Main Market of Bursa Securities
- SHARIAH STATUS** : Approved by the SAC of the SC

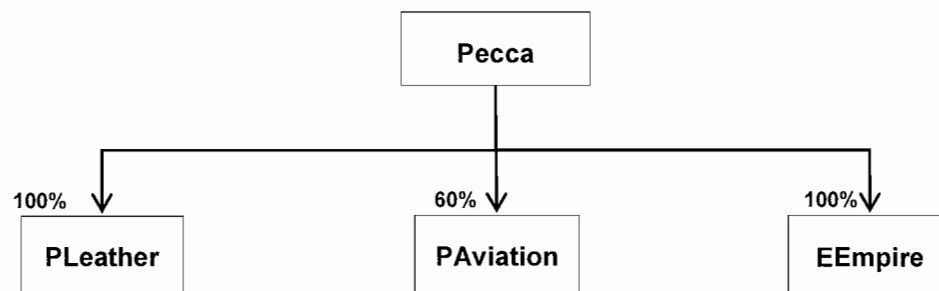
1. INFORMATION SUMMARY

THE FOLLOWING INFORMATION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN OUR COMPANY'S SHARES.

1.1 BACKGROUND INFORMATION ON OUR GROUP

We were incorporated in Malaysia under the Act on 27 July 2010 as a private limited company under the name of Pecca Malaysia Sdn Bhd. Subsequently, we changed our name to Pecca Group Sdn Bhd on 28 April 2014. We were converted into a public limited company and assumed our present name on 12 June 2014.

Our Group structure upon Listing is as follows:-



Further details on our Group are set out in Section 4.1 of this Prospectus.

Pecca is an investment holding company with three (3) subsidiaries, namely PLeather, PAviation and EEmpire, the details of which are as follows:-

Company	Description
PLeather	Commenced operations in December 2000 and is principally involved in the styling, manufacturing, distribution and installation of leather upholstery for car seat covers, as well as the supply of leather cut pieces to the automotive leather upholstery industry. PLeather is also involved in other related business activities such as styling, manufacturing, distribution and installation of car door trim covers and covers for car accessories (such as steering wheels, gearshift knobs, handbrake levers, console box and operating manual book), provision of sewing services for fabric car seat covers, provision of wrapping and stitching services, and the supply of raw materials to the automotive upholstery industry.
PAviation	Commenced operations in December 2015 and principally involved in the manufacturing, repair, refurbishment, distribution and installation of aircraft leather seat covers and other leather related products, such as side wall panels, ceiling panels and leather trim for commercial aircrafts and private jets. PAviation has submitted its application to the DCA to obtain certification and related approval in accordance with the licensing requirements of the DCA and the FAA internationally for its venture into the aviation leather upholstery and parts refurbishment in the aviation industry. PAviation's application for its venture into parts refurbishment has been approved by the DCA on 9 March 2016 whilst the approval for its venture into the aviation leather upholstery is pending and is expected to be obtained by end of 2016, the details of which are set out in Section 4.1.4(b)(i) of this Prospectus.
EEmpire	Currently dormant. The intended principal activity is to operate retail outlets selling Smart Fit, Quick Fit and car accessory covers in Malaysia.

1. INFORMATION SUMMARY (Cont'd)

1.2 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our Directors believe that we have the following competitive advantages and key strengths to provide the platform for our Group's sustainability and growth:-

- (a) Our established track record and market reputation;
- (b) Our business operations adopt high quality standards and controls in the automotive industry;
- (c) Our Smart Fit product with ease of installation for car seat covers and car door trim covers;
- (d) Our key management's experience and expertise in the leather industry; and
- (e) Our in-house design and styling capabilities.

Further details on our Group's competitive advantages and key strengths are set out in Section 4.19 of this Prospectus.

1.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

Our Promoters, substantial shareholders, Directors and key management are listed below:-

Name	Designation
<u>Promoters and Substantial Shareholders</u> MRZ	-
<u>Promoters, Substantial Shareholders and Directors</u> Datuk Teoh Hwa Cheng Datin Sam Yin Thing	Group Managing Director Executive Director
<u>Directors</u> Dato' Mohamed Suffian bin Awang Tan Jin Sun Sam Chee Keng Dato' Dr Norraesah binti Haji Mohamad Leong Kam Weng	Independent Non-Executive Chairman Executive Director Executive Director Independent Non-Executive Director Independent Non-Executive Director
<u>Key Management</u> Syed Mohammad Hafiz bin Syed Razlan Chan Kok Kee Siah Chee Boon Liew Yoon Fatt K. Karunakaran A/L Karuppannan Sam Chee Siong Ooi Eng Huat Mat Nizam bin Mat Daron	Sales and Marketing Director of PLeather Chief Financial Officer of PLeather Financial Controller of PLeather Chief Operating Officer of PLeather Plant Manager of PLeather Operation Manager of PLeather Executive Director cum Operation Manager of PAviation Deputy General Manager, Sales & Marketing of PLeather

Further details of our Promoters, substantial shareholders, Directors and key management are set out in Section 5 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)

1.4 COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets out a summary of the audited combined statements of profit or loss and other comprehensive income of our Group for the past four (4) FYE 2012 to FYE 2015 and FPE 2015, prepared based on the assumption that our Group has been in existence throughout the relevant financial years/ periods as well as the unaudited combined statements of profit or loss and other comprehensive income for the comparative FPE 2014. The audited combined statements of profit or loss and other comprehensive income should be read in conjunction with the Accountant's Report on the combined financial statements as set out in Section 9 of this Prospectus.

	----- Audited -----				Unaudited	Audited
	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2014 RM'000	FPE 2015 RM'000
Revenue	62,127	66,100	99,546	129,536	45,284	56,267
Cost of sales	(42,111)	(42,806)	(70,192)	(91,405)	(33,177)	(40,597)
GP	20,016	23,294	29,354	38,131	12,107	15,670
Other Income	429	1,374	1,001	1,015	237	357
	20,445	24,668	30,355	39,146	12,344	16,027
Selling and distribution expenses	(3,913)	(5,014)	(5,084)	(4,701)	(2,020)	(2,303)
Administrative expenses	(7,301)	(6,047)	(5,502)	(9,782)	(2,944)	(3,822)
Finance costs	(1,267)	(983)	(976)	(893)	(361)	(377)
Amortisation	-	-	-	-	-	-
Depreciation	2,676	2,776	3,038	3,308	1,431	1,425
Interest expense	1,220	1,035	987	886	335	360
Interest income	(192)	(308)	(204)	(212)	(69)	(242)
EBITDA	11,668	16,127	22,614	27,752	8,716	11,068
Depreciation	(2,676)	(2,776)	(3,038)	(3,308)	(1,431)	(1,425)
Interest expense	(1,220)	(1,035)	(987)	(886)	(335)	(360)
Interest income	192	308	204	212	69	242
PBT	7,964	12,624	18,793	23,770	7,019	9,525
Income tax expense	(2,324)	(2,084)	(4,315)	(5,907)	(1,771)	(2,372)
PAT	5,640	10,540	14,478	17,863	5,248	7,153
Attributable to:-						
- Owners of our Company	5,640	10,540	14,478	17,940	5,259	7,210
- Non-controlling interests	-	-	-	(77)	(11)	(57)
	5,640	10,540	14,478	17,863	5,248	7,153
Number of Shares in issue ('000) ⁽¹⁾	140,204	140,204	140,204	140,204	140,204	140,204
GP margin (%)	32.22	35.24	29.49	29.44	26.74	27.85
PBT margin (%)	12.82	19.10	18.88	18.35	15.50	16.93
PAT margin (%)	9.08	15.95	14.54	13.79	11.59	12.71
Gross EPS (sen) ⁽²⁾	5.68	9.00	13.40	16.95	⁽³⁾ 12.02	⁽³⁾ 16.30
Net EPS (sen) ⁽⁴⁾	4.02	7.52	10.33	12.80	⁽³⁾ 9.00	⁽³⁾ 12.34
Diluted EPS (sen) ⁽⁵⁾	3.00	5.61	7.70	9.54	⁽³⁾ 6.71	⁽³⁾ 9.20

1. INFORMATION SUMMARY (Cont'd)

Notes:-

- (1) Based on the issued and paid-up share capital of 140,204,000 Shares after the Dividend Payment, Subdivision, Allotment and Acquisitions.
- (2) The gross EPS is calculated based on PBT of our Company divided by the issued and paid-up share capital of 140,204,000 Shares after the Dividend Payment, Subdivision, Allotment and Acquisitions.
- (3) Annualised to twelve (12) months for comparison purposes.
- (4) The net EPS is calculated based on PAT attributable to the owners of our Company divided by the issued and paid-up share capital of 140,204,000 Shares after the Dividend Payment, Subdivision, Allotment and Acquisitions.
- (5) The diluted EPS is calculated based on PAT attributable to the owners of our Company divided by the enlarged issued and paid-up share capital of 188,000,000 Shares after the Public Issue.

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1. INFORMATION SUMMARY (Cont'd)

1.5 PROFORMA STATEMENTS OF FINANCIAL POSITION OF OUR GROUP

The proforma statements of financial position of our Group as at 30 November 2015 as set out below had been prepared solely for illustrative purposes, to show the effects on the statements of financial position of our Group had the Listing Scheme and the utilisation of proceeds been effected on that date. The proforma statements of financial position should be read in conjunction with the accompanying notes and assumptions included in the proforma financial information set out in Section 8.1 of this Prospectus.

	Audited as at 30 November 2015 (RM'000)	Proforma I After Dividend Payment, Subdivision, Allotment and Acquisitions (RM'000)	Proforma II After Public Issue and Utilisation of Proceeds (RM'000)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	-	49,879	67,179
Other investment	-	269	269
Total non-current assets	-	50,148	67,448
CURRENT ASSETS			
Inventories	-	17,578	17,578
Trade receivables	-	23,236	23,236
Other receivables, deposits and prepayments	-	3,079	3,079
Fixed deposits with licensed banks	-	15,338	15,338
Cash and bank balances	100	21,147	49,904
Total current assets	100	80,378	109,135
TOTAL ASSETS	100	130,526	176,583
EQUITY AND LIABILITIES			
Equity			
Share capital	(a)	70,102	94,000
Share premium	-	-	40,818
Merger deficit	-	(60,822)	(60,822)
(Accumulated losses)/ Retained profits	(251)	67,714	65,868
Revaluation reserve	-	10,899	10,899
Total equity attributable to owners of the Company	(251)	87,893	150,763
Non-controlling interests	-	(100)	(100)
Total equity	(251)	87,793	150,663
Non-current liabilities			
Long Term Loan			
Deferred tax liabilities	-	4,984	4,984
Long-term borrowings	-	10,449	-
Total non-current liabilities	-	15,433	4,984
Current liabilities			
Trade payables	-	14,677	14,677
Other payables and accruals	19	2,394	2,394
Amount owing to directors	14	388	388
Amount owing to related parties	318	399	399
Derivative liabilities	-	21	21
Provision for taxation	-	3,057	3,057
Short-term borrowings	-	6,364	-
Total current liabilities	351	27,300	20,936
TOTAL LIABILITIES	351	42,733	25,920
TOTAL EQUITY AND LIABILITIES	100	130,526	176,583
Number of Shares in issue ('000)	(b)	140,204	188,000
NA (RM'000)	(251)	87,793	150,663
(NL)/ NA per Share (RM)	(41.83)	0.63	0.80

1. INFORMATION SUMMARY (Cont'd)

Notes:-

- (a) This represents RM3.00.
 (b) This represents six (6) Shares.

1.6 PRINCIPAL STATISTICS RELATING TO THE LISTING SCHEME

	Number of Shares	Share Capital (RM)
Authorised Share Capital	500,000,000	250,000,000
Existing Issued and Fully Paid-Up Share Capital	140,204,000	70,102,000
New Shares to be issued:		
• Pursuant to the Public Issue	47,796,000	23,898,000
Enlarged issued and paid-up share capital upon Listing	188,000,000	94,000,000
Offer for Sale	43,330,000	21,665,000
IPO PRICE PER SHARE (RM)		1.42
PROFORMA CONSOLIDATED NA		
• Proforma consolidated NA as at 30 November 2015 excluding non-controlling interests <i>(based on the enlarged issued and paid-up share capital of 188,000,000 Shares after the Public Issue and utilisation of proceeds) (RM'000)</i>		150,663
• Proforma consolidated NA per Share excluding non-controlling interests <i>(based on the enlarged issued and paid-up share capital of 188,000,000 Shares) (RM)</i>		0.80
MARKET CAPITALISATION OF OUR COMPANY <i>(based on the IPO Price and enlarged issued and paid-up share capital after the Public Issue) (RM'000)</i>		266,960

Further details on the Listing Scheme are set out in Section 2.3 and Section 4.2 of this Prospectus.

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1. INFORMATION SUMMARY (Cont'd)**1.7 UTILISATION OF PROCEEDS**

The Public Issue is expected to raise gross proceeds of approximately RM67.87 million, which shall accrue to us. We intend to use the proceeds raised in the following manner:-

	Description of Utilisation	Timeframe for Utilisation	⁽¹⁾ Amount (RM'000)	Percentage (%)
(a)	Working capital	Within 12 months	26,970	39.74
(b)	Repayment of bank borrowings ⁽²⁾	Within 6 months	17,100	25.20
(c)	Purchase of new machineries for the production of car leather seat covers	Within 24 months	7,550	11.12
(d)	Construction of an additional storey of production floor area on the existing factory building	Within 24 months	5,000	7.37
(e)	Opening of retail outlets	Within 24 months	3,750	5.52
(f)	Establishment of market presence in Thailand	Within 24 months	1,500	2.21
(g)	Expansion of PAviation's business	Within 24 months	1,000	1.47
(h)	Estimated listing expenses ⁽³⁾	Immediate	5,000	7.37
Total Public Issue Proceeds			67,870	100.00

Notes:-

- (1) The proceeds will be placed in interest bearing deposits with licensed financial institutions until eventual utilisation.
- (2) If the actual repayment of borrowings is lower than budgeted, the surplus will be utilised for working capital purposes.
- (3) 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.

Further details on the utilisation of proceeds are set out in Section 2.7 of this Prospectus.

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1. INFORMATION SUMMARY (Cont'd)

1.8 RISK FACTORS

Prospective investors should carefully consider the following risk factors (which are not exhaustive) in addition to other information contained elsewhere in this Prospectus before subscribing for any of the Shares:-

(a) Risks Relating to Our Business and Operations

- (i) Our Group is subjected to risks inherent to the automotive industry and automotive upholstery industry.
- (ii) Our pursuit of new ventures, namely the retail industry via EEmpire and the aviation upholstery and parts refurbishment industry via PAviation, involve risks and we may not be able to realise the anticipated benefits.
- (iii) Fluctuation in foreign exchange rates could have an impact on our Group's financial performance.
- (iv) We rely on skilled labour and are dependent on foreign workers.
- (v) We may not be able to attract and retain Directors, key management team and skilled personnel.
- (vi) We are dependent on our major customers from the OEM (OE Fit) market segment who are Tier 1 car seat manufacturers in Malaysia.
- (vii) Inadequate insurance coverage could have an adverse impact on our business operations.
- (viii) We are exposed to the risk of product liability claims that is inherent in our business and products.
- (ix) Our trademarks and patents for the development and usage of our Smart Fit product may be subjected to infringement, counterfeiting, unauthorised third party use or exploitation.

(b) Risks Relating to the Industry in Which Our Group Operates

- (i) Adverse developments in the political, economic and regulatory conditions in Malaysia and other countries may affect our Group's financial position and business prospects.
- (ii) Fluctuation in automotive leather prices would impact the selling prices of our products.
- (iii) Our Group faces intense competition in the automotive industry.
- (iv) There are no long term contractual agreements between our Group and our customers.
- (v) We are dependent on our suppliers for the supply of the raw materials and components.
- (vi) Our Group's leather products are subject to product substitution.
- (vii) Our Group's performance is dependent on the automotive industry and automotive leather upholstery industry.

1. INFORMATION SUMMARY (Cont'd)

(c) Risks Relating to the Investment in Our Shares

- (i) There has been no prior market for our Shares and an active market for our Shares may not develop.
- (ii) Our Listing may fail, be delayed or aborted.
- (iii) The monies paid in respect of our IPO Shares may not be recovered in the event the Listing and/or trading of our Shares on Bursa Securities do not occur.
- (iv) Our Promoters control the business direction and management of our Group including the voting outcome of our shareholders.
- (v) Our Share price may be volatile.
- (vi) Forward-looking statements in this Prospectus are subject to uncertainties and contingencies.

1.9 AUDIT QUALIFICATIONS

None of the financial statements of the companies within our Group for the FYE 2012 to FYE 2015 and FPE 2015 were subject to any audit qualification.

1.10 SHARIAH STATUS

We have voluntarily submitted an application to the SC for a Shariah compliance review by the SAC as part of the process of determining our Shariah status.

The SAC has classified our securities as Shariah-compliant based on the audited financial statements for the FYE 2015 and the Shariah criteria adopted by the SAC.

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2. PARTICULARS OF THE IPO

This Prospectus is dated 29 March 2016. The IPO is subject to the terms and conditions of this Prospectus.

A copy of this Prospectus has been registered with the SC and lodged with the Registrar of Companies who takes no responsibility for its contents.

The approval of the SC for the IPO (details of which are set out in Section 6.1(a) of this Prospectus) shall not be taken to indicate that the SC recommends the IPO. You should rely on your own evaluation to assess the merits and risks of the IPO.

Bursa Securities has approved our admission to the Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM94,000,000 comprising 188,000,000 Shares on the Main Market of Bursa Securities, vide its letter dated 17 November 2015. Listing of and quotation for our Shares will commence after, amongst others, receipt of confirmation from Bursa Depository of the receipt of allotment and allocation information for the crediting of the IPO Shares and receipt of an undertaking that all notices of allotment will be issued and despatched to all successful applicants prior to the date of listing of and quotation for the Shares, failing which any allotment and allocation made on an Application to subscribe for and/or purchase of our Shares pursuant to this Prospectus is required under Malaysian law to be void.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a Prescribed Security. In consequence thereof, our Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules. We will not issue any share certificates to successful applicants.

Person submitting Application by way of Application Form or by way of Electronic Share Application or Internet Share Application must have a CDS Account. If you do not have a CDS account, you may open one (1) by contacting any of the ADAs listed in Section 14.11 of this Prospectus. In the case of an Application by way of Application Form, an applicant should state his/her CDS Account number in the space provided in the Application Form. In the case of an Application by way of Electronic Share Application or Internet Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application.

Pursuant to the Listing Requirements, our Company must have at least 25.0% of the total number of Shares for which listing is sought in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing. In the event that the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of any Application accepted for the IPO will be returned without interest within fourteen (14) days. If any such monies are not repaid within the said period, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

You should rely on the information obtained in this Prospectus or any applicable supplement. No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by our Company. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Company since the date hereof. Nonetheless, should our Company become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of Listing, our Company shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

2. PARTICULARS OF THE IPO (Cont'd)

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of the IPO Shares are subject to Malaysian laws and our Company together with the Principal Adviser, Joint Underwriters and Joint Placement Agents, take no responsibility for the distribution of this Prospectus and the offer of any part of the IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for or an offer to sell the IPO Shares in any jurisdiction in which such invitation or offer is not authorised or lawful or to any person to whom it is unlawful to make such invitation or offer.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List is not to be taken as an indication of our merit or the merit of our Shares.

IF YOU ARE IN DOUBT CONCERNING THIS PROSPECTUS, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.

2.1 SHARE CAPITAL

As at the LPD, the authorised share capital of our Company is RM250,000,000 divided into 500,000,000 Shares and the issued and fully paid-up share capital for our Company is RM70,102,000 comprising 140,204,000 Shares.

Upon the allotment and issue of the Public Issue Shares pursuant to our IPO, our enlarged issued and paid-up capital of our Company will be RM94,000,000 comprising 188,000,000 Shares as follows:-

	Number of Shares	Share Capital (RM)
Authorised Share Capital	500,000,000	250,000,000
Existing Issued and Fully Paid-Up Share Capital	140,204,000	70,102,000
New Shares to be issued:		
• Pursuant to the Public Issue	47,796,000	23,898,000
Enlarged issued and paid-up share capital upon Listing	188,000,000	94,000,000
Offer for Sale	43,330,000	21,665,000
IPO PRICE PER SHARE (RM)		1.42
PROFORMA CONSOLIDATED NA		
• Proforma consolidated NA as at 30 November 2015 excluding non-controlling interests <i>(based on the enlarged issued and paid-up share capital of 188,000,000 Shares after the Public Issue and utilisation of proceeds) (RM'000)</i>		150,663
• Proforma consolidated NA per Share excluding non-controlling interests <i>(based on the enlarged issued and paid-up share capital of 188,000,000 Shares) (RM)</i>		0.80
MARKET CAPITALISATION OF OUR COMPANY <i>(based on the IPO Price and enlarged issued and paid-up share capital after the Public Issue) (RM'000)</i>		266,960

2. PARTICULARS OF THE IPO (Cont'd)

Our market capitalisation upon Listing, based on the IPO Price and our enlarged issued share capital of 188,000,000 Shares will be RM266,960,000. The IPO Price is payable in full upon Application, subject to the terms and conditions of this Prospectus. The board lot size for our enlarged issued and paid-up share capital upon Listing will be standardised at 100 units per board lot.

As at the date of this Prospectus, our Company has only one (1) class of share, namely, ordinary shares of RM0.50 each, all of which rank *pari passu* with one another. The IPO Shares will rank *pari passu* in all respects with our existing Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

Subject to any special rights attaching to any Shares which our Company may issue in the future, the holders of Shares in our Company shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by our Company as dividends and other distributions and in respect of any surplus in the event of the liquidation of our Company, in accordance with our Articles of Association.

At every general meeting, a shareholder shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting; if two (2) proxies are appointed, only one (1) specifically nominated by the shareholders and if no such nomination, the proxy whose name ranked first, is allowed to vote on a show of hands or attorney to 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 the Company and the provision of Section 149(1)(a) and (b) of the Act shall not apply to the Company.

There are no limitations on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by law or by the constituent documents of our Company.

2.2 PURPOSES OF THE IPO

The purposes of the IPO are as follows:-

- (a) To enable our Group to gain recognition and enhance our profile through our Listing status and further augment our corporate reputation and assist our Group in expanding our customer base;
- (b) To provide additional funds to meet the working capital requirements of our Group, to facilitate the expansion of our Group's facilities to cater for anticipated increase in sales volume, expansion into the aviation leather upholstery industry and penetration into the REM retail industry by opening our own retail outlets as detailed in Section 4.20 of this Prospectus;
- (c) To enable our Group to gain better access to cost-effective funding from the equity capital market and to have greater financial flexibility to pursue future expansion and growth opportunities; and
- (d) To provide the opportunity for the eligible Directors, employees and business associates of our Group and the Malaysian investing public and institutions to participate in the equity and continuing growth of our Group.

2. PARTICULARS OF THE IPO (Cont'd)

2.3 DETAILS OF THE IPO

The Public Issue of 47,796,000 new Shares and Offer for Sale of 43,330,000 Shares are issued/ offered at the IPO Price payable in full on Application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

2.3.1 Public Issue

The Public Issue of 47,796,000 Shares at the issue price of RM1.42 per Share representing approximately 25.42% of our enlarged issued and paid-up share capital will be made available for Application in the following manner:-

(a) Malaysian Public (via Balloting)

9,400,000 Public Issue Shares representing 5.0% of our enlarged issued and paid-up share capital, to be allocated via balloting will be made available for Application by the Malaysian Public, of which at least 50% shall be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

(b) Eligible Directors, Employees and Business Associates of Our Group

9,400,000 Public Issue Shares representing 5.0% of our enlarged issued and paid-up share capital, will be made available for Application by the eligible Directors, employees and business associates of our Group.

The Pink Form Shares will be allocated to eligible Directors and employees of our Group based on the following criteria as approved by our Board:-

- (i) at least eighteen (18) years old;
- (ii) designation and position;
- (iii) length of service; and
- (iv) contribution to our Group.

The Pink Form Shares to be allocated to the business associates of our Group will take into consideration their contribution to the success of our Group.

Directors of our Company are entitled for the Pink Form Shares as follows:-

Name of Directors	Designation	No. of Shares
Dato' Mohamed Suffian bin Awang	Independent Non-Executive Chairman	100,000
Tan Jin Sun	Executive Director	450,000
Sam Chee Keng	Executive Director	550,000
Dato' Dr Norraesah binti Haji Mohamad	Independent Non-Executive Director	100,000
Leong Kam Weng	Independent Non-Executive Director	100,000
		1,300,000

2. PARTICULARS OF THE IPO (Cont'd)

Details of the Pink Form Shares allocation to our eligible Directors, employees and business associates of our Group are as follows:-

	Number of Persons	Pink Form Shares Allocation
Directors	5	1,300,000
Employees and business associates	Up to 350	8,100,000
		9,400,000

(c) Private Placement

28,996,000 Public Issue Shares representing approximately 15.42% of our enlarged issued and paid-up share capital will be made available by way of private placement to selected investors.

The Public Issue will increase our issued share capital from RM70,102,000 comprising 140,204,000 Shares to RM94,000,000 comprising 188,000,000 Shares.

2.3.2 Offer for Sale

Concurrent with the Public Issue, the Offerors will offer for sale 43,330,000 Shares at the IPO Price representing approximately 23.05% of our enlarged issued and paid-up share capital. Such Offer Shares will be made available in the following manner:-

(a) Private Placement

24,530,000 Offer Shares representing approximately 13.05% of our enlarged issued and paid-up share capital will be made available by way of private placement to selected investors.

(b) Bumiputera Investors (via Placement)

18,800,000 Offer Shares representing 10.0% of our enlarged issued and paid-up share capital will be made available by way of private placement to Bumiputera investors approved by MITI.

Details of the Offerors are set out below:-

No.	Name	Address	Position/ Relationship With Our Group Within the Past Four (4) Years	Shareholdings Before IPO ⁽¹⁾		Offer for Sale			Shareholdings After IPO ⁽²⁾	
				No. of Shares	%	No. of Shares	Before IPO ⁽¹⁾	After IPO ⁽²⁾	No. of Shares	%
1.	MRZ	No. 39-1, Jalan 9/62A, Bandar Menjalara, Kepong, 52200 Kuala Lumpur	Substantial Shareholder	120,822,420	86.18	35,130,000	25.05	18.69	85,692,420	45.58
2.	Datuk Teoh Hwa Cheng	23A, Elitis Teja, Valencia, 47000 Sungai Buloh, Selangor Darul Ehsan	Promoter, Director and substantial shareholder	18,367,853	13.10	8,200,000	5.85	4.36	10,167,853	5.41
Total				139,190,273	99.28	43,330,000	30.90	23.05	95,860,273	50.99

2. PARTICULARS OF THE IPO (Cont'd)

Notes:-

- (1) Based on the issued and paid-up share capital of 140,204,000 Shares after the Dividend Payment, Subdivision, Allotment and Acquisitions.
- (2) Based on the enlarged issued and paid-up share capital of 188,000,000 Shares after the Public Issue.

2.3.3 Underwriting and Allocation of the IPO Shares

In summary, the IPO Shares will be allocated in the following manner:-

	Public Issue		Offer for Sale		Total	
	No. of Shares ('000)	% of Enlarged Share Capital	No. of Shares ('000)	% of Enlarged Share Capital	No. of Shares ('000)	% of Enlarged Share Capital
Malaysian Public (via balloting)	9,400	5.00	-	-	9,400	5.00
Eligible Directors, employees and business associates of our Group	9,400	5.00	-	-	9,400	5.00
Private placement to selected investors	28,996	15.42	24,530	13.05	53,526	28.47
Bumiputera investors (via placement)	-	-	18,800	10.00	18,800	10.00
Total	47,796	25.42	43,330	23.05	91,126	48.47

All the 18,800,000 Public Issue Shares available for Application by the Malaysian Public and our eligible Directors, employees and business associates of our Group under Sections 2.3.1(a) and 2.3.1(b) of this Prospectus respectively have been fully underwritten.

The 28,996,000 Public Issue Shares and 24,530,000 Offer Shares to be allocated by way of private placement to selected investors under Sections 2.3.1(c) and 2.3.2(a) of this Prospectus respectively are not underwritten as irrevocable undertakings have been obtained from the selected investors to take up the Public Issue Shares and Offer Shares available under the private placement.

The 18,800,000 Offer Shares made available for Application by Bumiputera investors approved by MITI under Section 2.3.2(b) of this Prospectus are not underwritten as these Offer Shares have been allocated for MITI's approved Bumiputera investors whereby irrevocable undertakings from the Bumiputera investors have been or will be obtained.

In the event of an under-subscription of the 18,800,000 Offer Shares made available for Application by Bumiputera investors approved by MITI under Section 2.3.2(b) of this Prospectus, the unsubscribed Offer Shares shall be made available to selected institutional investors via private placement. Subsequently, any of the Offer Shares that are not taken up shall be made available for Application by the Bumiputera public as part of the balloting process. Any further Offer Shares which are not taken up by the Bumiputera public will be made available for Application by the Malaysian Public and/or private placement to selected investors.

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2. PARTICULARS OF THE IPO (Cont'd)

In the event of an under-subscription of the Public Issue Shares by the Malaysian Public, the unsubscribed Public Issue Shares will be made available to the selected investors. Any Public Issue Shares which are not taken up by our Group's eligible Directors, employees and business associates will be reoffered to our Group's other eligible employees and business associates. Subsequently, any of the unsubscribed Public Issue Shares reoffered which are not taken up will be made available for Application by the Malaysian Public on a fair and equitable manner and/or selected investors via the private placement. Any further Public Issue Shares not subscribed for will be made available for subscription by the Joint Underwriters based on the terms of the Underwriting Agreement.

The allocation of the IPO Shares shall take into account the desirability of distributing the IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public spread requirements of Bursa Securities and to establish a liquid and adequate market for our Company's Shares.

There is no minimum subscription amount to be raised from the IPO. All the IPO Shares are either fully underwritten by the Joint Underwriters and/or subscribed by the selected investors pursuant to their irrevocable undertakings.

2.4 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price is RM1.42 per Share. The price was determined and agreed upon by our Company and AmlInvestment Bank as the Principal Adviser, Joint Underwriter and Joint Placement Agent based on various factors which include:-

(a) Our Financial History

We recorded an audited combined PAT attributable to the owners of our Company of approximately RM17.94 million for FYE 2015 and RM7.21 million for FPE 2015. Based on our enlarged issued and paid-up share capital upon Listing of 188,000,000 Shares, our combined net EPS is approximately 9.54 sen for FYE 2015 whilst our annualised combined net EPS for FPE 2015 is approximately 9.20 sen.

Further details on our financial history are set out in Section 8 of this Prospectus.

(b) Our Operating History

Our Group's principal business activities are in styling, distribution and installation of leather upholstery for car seat covers, as well as the supply of leather cut pieces to the automotive upholstery industry. Over the years, we have established ourselves as a reputable vendor with our OEM/ PDI customers with regards to the quality of our products supplied, on time delivery and competitive pricing.

Further details on our operating history and the nature of our business are set out in Section 4 of this Prospectus.

(c) Our Proforma Consolidated NA

Our proforma consolidated NA attributable to equity holders of our Company as at 30 November 2015 stood at approximately RM150.66 million or RM0.80 per Share based on our enlarged issued and paid-up share capital of 188,000,000 Shares upon Listing and after taking into consideration the utilisation of proceeds from the Public Issue.

2. PARTICULARS OF THE IPO (Cont'd)

(d) Our Future Plans and Prospects

Our future plans are focused on the expansion of our Group's facilities to cater for anticipated increase in sales volume, our venture into the aviation leather upholstery business and penetration into the REM retail industry by opening our own retail outlets. Premised on our aforementioned future plans and strategies as detailed in Section 4.20 of this Prospectus as well as the prospects and outlook of the industry as set out in Section 10 of this Prospectus, we believe that we will continue to enjoy positive growth and favourable prospects over the next few years.

(e) Our Competitive Advantages and Key Strengths

Our competitive advantages and key strengths include our established track record and market reputation, our adoption of high quality standards and controls, our Smart Fit product for the installation of car seat covers and car door trim covers, our key management's experience and expertise in the leather industry, and our in-house design and styling capabilities. These competitive advantages and key strengths as detailed in Section 4.19 of this Prospectus provide us with the platform to facilitate our business sustenance and future growth.

(f) Our PE Multiple

Our combined net EPS of approximately 9.54 sen per Share for FYE 2015 and annualised combined net EPS of approximately 9.20 sen for FPE 2015 based on our enlarged issued and paid-up share capital upon Listing of 188,000,000 Shares as set out in Section 2.4 (a) of this Prospectus translates our IPO Price equivalent to a net PE Multiple of approximately 14.88 times for FYE 2015 and 15.43 times for FPE 2015.

Our Directors and the Offerors are of the opinion that the IPO Price is fair and reasonable after careful consideration of the abovementioned factors.

However, you should note that the market price of our Company's Shares upon Listing on Bursa Securities is subject to the vagaries of market forces and other uncertainties which may affect the price of the Shares when they are traded.

You should bear in mind the risk factors as set out in Section 3 of this Prospectus and form your own views of the valuation of the IPO Shares and the reasonableness of the bases used before deciding to invest in our Shares.

2.5 MARKET CAPITALISATION UPON LISTING

Based on the IPO Price and the issued and fully paid-up share capital of 188,000,000 Shares upon listing, our Company's market capitalisation will be RM266,960,000.

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2. PARTICULARS OF THE IPO (Cont'd)

2.6 DILUTION

Dilution is the amount by which the IPO Price to be paid by the applicants for our Shares under the IPO exceeds our proforma NA per Share immediately after the implementation of the Listing Scheme. The proforma NA per Share as at 30 November 2015 based on the issued and paid-up share capital of 140,204,000 Shares before the IPO is approximately RM87.79 million or RM0.63 per Share.

Pursuant to the Public Issue of 47,796,000 new Shares at the IPO Price and after adjusting for the effects of the utilisation of proceeds, the proforma NA of our Group as at 30 November 2015 will increase to approximately RM150.66 million or RM0.80 per Share based on the enlarged issued and paid-up capital of 188,000,000 Shares after the IPO. This represents an immediate increase in adjusted NA of RM0.17 per Share to our existing shareholders and an immediate dilution in NA of RM0.62 per Share to our new investors. The following table illustrates such dilution on a per Share basis:-

	RM
IPO Price	1.42
Proforma NA per Share excluding non-controlling interests as at 30 November 2015 (after the Dividend Payment, Subdivision, Allotment and Acquisitions)	0.63
Increase in proforma NA per Share excluding non-controlling interests after adjusting for the Public Issue and utilisation of proceeds	0.17
Proforma NA per Share excluding non-controlling interests after the IPO	0.80
Dilution in NA per Share to new investors	0.62
Dilution in NA per Share to new investors as a percentage of the IPO Price	43.66%

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2. PARTICULARS OF THE IPO (Cont'd)

Save as disclosed in the table below, which summarises the total number of Shares acquired by our Promoters, Directors and substantial shareholders, the total consideration paid by them and the average effective cash cost per Share to them and to the new investors who subscribe for and/or purchase the IPO Shares pursuant to the Public Issue and Offer for Sale, there has been no other equity transaction and/ or right to acquire during the past three (3) years prior to the date of this Prospectus:-

	Date	No. of Shares Acquired	No. of Shares Subdivided/Converted/Allotted	No. of Shares After Acquisition/Conversion/Allotment	Consideration	Average Price Per Share
					(RM)	(RM)
MRZ	01.12.15	^(a) 120,822,420	-	120,822,420	0.50	0.50
Datuk Teoh Hwa Cheng	27.07.10	1	-	1	1.00	1.00
	16.11.15	-	^(b) 1	2	-	0.50
	17.11.15	-	^(c) 1	3	0.50	0.50
	01.12.15	^(a) 18,271,850	-	18,271,853	0.50	0.50
	01.12.15	^(d) 96,000	-	18,367,853	0.50	0.50
Datin Sam Yin Thing	03.06.14	1	-	1	1.00	1.00
	16.11.15	-	^(b) 1	2	-	0.50
	01.12.15	^(d) 24,000	-	24,002	0.50	0.50
Chong Swee Main	17.11.15	-	^(c) 1	1	0.50	0.50
<u>New Investors</u>						
Public Issue	-	-	47,796,000	47,796,000	1.42	1.42
Offer for Sale	-	43,330,000	-	43,330,000	1.42	1.42

Notes:-

- (a) Pursuant to the Acquisition of PLeather.
- (b) Pursuant to the Subdivision.
- (c) Pursuant to the Allotment.
- (d) Pursuant to the Acquisition of PAviation.

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2. PARTICULARS OF THE IPO (Cont'd)**2.7 UTILISATION OF PROCEEDS**

The Public Issue is expected to raise gross proceeds of approximately RM67.87 million, which shall accrue to us. We intend to use the proceeds raised in the following manner:-

	Description of Utilisation	Timeframe for Utilisation	⁽¹⁾ Amount (RM'000)	Percentage (%)
(a)	Working capital	Within 12 months	26,970	39.74
(b)	Repayment of bank borrowings ⁽²⁾	Within 6 months	17,100	25.20
(c)	Purchase of new machineries for the production of car leather seat covers	Within 24 months	7,550	11.12
(d)	Construction of an additional storey of production floor area on the existing factory building	Within 24 months	5,000	7.37
(e)	Opening of retail outlets	Within 24 months	3,750	5.52
(f)	Establishment of market presence in Thailand	Within 24 months	1,500	2.21
(g)	Expansion of PAviation's business	Within 24 months	1,000	1.47
(h)	Estimated listing expenses ⁽³⁾	Immediate	5,000	7.37
	Total Public Issue Proceeds		67,870	100.00

Notes:-

- (1) The proceeds will be placed in interest bearing deposits with licensed financial institutions until eventual utilisation.
- (2) If the actual repayment of borrowings is lower than budgeted, the surplus will be utilised for working capital purposes.
- (3) 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.

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2. PARTICULARS OF THE IPO (Cont'd)

(a) Working Capital

Our requirement for working capital will increase in tandem with the expected business growth of our Group. Therefore, we expect to utilise approximately RM26.97 million as additional working capital to finance our day-to-day operations as follows:-

Working Capital Requirements	Approximate Allocation		
	RM'000	RM'000	%
To finance the increase in direct costs:-			
- trade receivables ⁽¹⁾	8,300		
- trade payables ⁽²⁾	5,700		
- raw materials/ inventories ⁽³⁾	7,000		
Total for direct costs		21,000	77.86
To finance the increase in indirect costs:- ⁽⁴⁾			
- selling and distribution expenses	2,250		
- administrative expenses	2,250		
Total for indirect costs		4,500	16.69
Acquisitions of moulds and jigs		1,470	5.45
Total		26,970	100.00

Notes:-

The increase in the working capital requirement of approximately RM26.97 million is to finance the following:-

- (1) Trade receivables in tandem with the anticipated increase in revenue based on the same trade receivables turnover period of 77 days and 63 days for the FYE 2015 and FPE 2015 as disclosed in Section 8.5.9.1 of this Prospectus. Although there was a decrease in the trade receivables turnover period from 77 days in FYE 2015 to 63 days in FPE 2015, our Group anticipates that our working capital requirements will be increased to finance the trade receivables due to the expected growth in the customer base as well as new contracts to be secured by our Group which is also in line with our operating capacity expansion as disclosed in Section 4.20.1 of this Prospectus.
- (2) Trade payables mainly due to the anticipated increase in purchases of raw materials to cater for the anticipated increase in revenue based on the same trade payables turnover period of 56 days for the FYE 2015 and 55 days for the FPE 2015 as disclosed in Section 8.5.9.2 of this Prospectus especially for the purchase of leather which constitutes approximately 61.41% and 65.02% of our cost of sales for the FYE 2015 and FPE 2015 respectively. Since August 2014, our Group has mainly sourced our supply of leather from Zendaleather S.A., Uruguay instead of Conceria Pasubio Spa, Italy mainly due to the more competitive pricing of leather supply sourced from Zendaleather S.A. The credit term granted by Zendaleather S.A. is 6 days compared to 60 days granted by Conceria Pasubio Spa as our Group is a new customer to Zendaleather S.A, which is part of the JBS Group, the global leader in the food processing industry producing factory processed beef and also selling by-products from the processing of beef meats including leather hides.

2. PARTICULARS OF THE IPO (Cont'd)

- (3) The inventories mainly due to the increase in the lead time for the shipment of leather from the supplier in Uruguay, Zendaleather S.A. as compared to the supplier in Italy, Conceria Pasubio Spa based on the increased inventory turnover period of 81 days for FYE 2015 as compared to 66 days recorded for the FYE 2014 as disclosed in Section 8.5.9.3 of this Prospectus. Although there was a decrease in inventory turnover period from 81 days for FYE 2015 to 66 days in FPE 2015, the inventories level and the consequential inventory turnover period may fluctuate depending on the specifications and requirements of the customers based on the contracts secured which could involve variation in colours and grains of leather resulting in our Group increasing our stock holding of more varieties of leather in different colours and grains at any point of time.
- (4) The increase in indirect costs comprising selling and distribution expenses by 0.30% and administrative expenses by 0.20% in tandem with the anticipated increase in revenue. Further, the selling and distribution expenses is expected to increase due to the higher expected freight and forwarding charges for export sales whilst the administrative expenses is expected to increase due to the increase in operating activities from the anticipated growth in revenue.

With our Group's expansion via our Smart Fit product as set out in Section 4.20.4 of this Prospectus, we would require additional working capital to meet operational obligations as tabulated in the table above.

(b) Repayment of Bank Borrowings

As at the LPD, our Group's total borrowings are approximately RM17.16 million. We intend to allocate approximately RM17.10 million of our Public Issue proceeds towards the repayment of our Group's outstanding bank borrowings, as detailed in the table below:-

No.	Purpose of Bank Borrowings	Maturity	Amount Outstanding as at the LPD (RM'000)
(i)	Term loan to partly finance the purchase of land ^(a)	38 months	2,038
(ii)	Term loan to partly finance the construction of an office-cum-factory and a hostel ^(a)	96 months	6,844
(iii)	Term loan to partly finance the purchase of a residential property ^(b)	75 months	86
(iv)	Term loan to partly finance the renovation cost of the office-cum-factory and a hostel ^(a)	98 months	2,491
(v)	Trade facilities utilisation to finance the sales to customers	Revolving	5,700
			17,159

Notes:-

- (a) The purchase of land and construction of one (1) unit of 4-storey office building with a mezzanine floor annexed to a 4-storey flatted factory building and a 6-storey hostel building together with a guardhouse located at No. 1, Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong, 52200 Kuala Lumpur which is our Group's head office and production factory. Please refer to item (1) of Section 4.15.1 of this Prospectus for further details.
- (b) The purchase of one (1) unit of 3-bedroom apartment located at B-5-1, 5th Floor, Block B, Damansara Sutera Apartment, Persiaran KIP Utama, Kipark Damansara, 52200 Kuala Lumpur which is our Group's staff accommodation. Please refer to item (2) of Section 4.15.1 of this Prospectus for further details.

2. PARTICULARS OF THE IPO (Cont'd)

The effective interest rates for the banking facilities granted to our Group by the licensed financial institutions ranges from 4.50% to 5.75% per annum for the purposes as set out in the table above .

Please refer to Section 2.8 of this Prospectus for the financial impact of the repayment of the abovementioned borrowings.

(c) Purchase of New Machineries for the Production of Car Leather Seat Covers

We are planning to purchase new machineries to support our business activities comprising the following:-

Description of Machineries	No. of Unit	Total (RM'000)
Sewing machine	100	1,500
Computerised stitching machine	3	900
Cutting machine	3	3,850
Perforation machine	2	700
Others (such as airbag sewing machines and soundproof generator sets)	-	600
Total		7,550

Our annual production capacity is expected to increase to a total of about 170,000 sets of car seat covers with the expected additional 50,000 sets of car seat covers annually from our purchase of the new machineries as tabulated in the above table from the current annual production capacity of 120,000 sets of car seat covers as set out in Section 4.15.3 of this Prospectus.

With the capability to produce an aggregate of 170,000 sets of car seat covers annually, we will be able to cater for the anticipated increase in sales volume from new contracts to be secured by our Group.

Please refer to Section 4.20.1 of this Prospectus for further details of our purchase of machineries.

(d) Construction of an Additional Storey of Production Floor Area on the Existing Factory Building

To cater for the purchase of new machineries and to increase our operating capacity by 50,000 sets of car seat covers to 170,000 sets of car seat covers annually as disclosed in Section 2.7(c) of this Prospectus, we will build an additional storey to enhance the production area on our existing factory building which is expected to be completed by the first quarter of 2017.

Please refer to Section 4.20.1 of this Prospectus for further details on our operating capacity expansion.

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2. PARTICULARS OF THE IPO (Cont'd)**(e) Opening of Retail Outlets**

We are planning to enter into the REM retail industry whereby we will be selling our products directly to end users. We intend to open fifty (50) retail outlets to focus on selling our Smart Fit and Quick Fit car seat covers, and car accessory covers across Malaysia. We believe that Smart Fit and Quick Fit will be attractive to end users, as an affordable option of leather upholstery for their cars. In addition, selling of Smart Fit and Quick Fit directly to end users will help us to preserve our patented product as well as our branding. Our retail outlets will also supply the OE Fit car seat covers in the event that there is such demand especially for car models that our Smart Fit and Quick Fit car seat covers are not readily available.

The opening of fifty (50) retail stores across Malaysia will allow us to further enhance our branding and create an additional revenue stream.

Please refer to Section 4.20.2 of this Prospectus for further details on our opening of retail outlets.

(f) Establishment of Market Presence in Thailand

We are planning to set up our operations in Thailand with sales, R&D and installation personnel, as well as a customer service centre to provide localised customer support in order to expand our market presence and customer base in Thailand as Thailand is an important hub in the South East Asian automotive market.

Our Group has earmarked RM1.50 million of the Public Issue proceeds for the aforementioned expansion of our market presence in Thailand for the following:-

Descriptions	Total (RM'000)
Inventory of leather car seat covers	1,300
Purchase of raw materials (such as leather, PVC, foam and carpet) for preparation of new templates and patterns	80
Rental of a premise per annum	120
Total	1,500

Please refer to Section 4.20.4 of this Prospectus for further details on our plan to establish our market presence in the Thailand market.

(g) Expansion of PAviation's Business

We plan to leverage on our technical expertise and understanding of leather upholstery by venturing into the aviation leather upholstery industry through our subsidiary, PAviation.

PAviation's business activities involve the manufacturing, repair, refurbishment, distribution and installation of aircraft leather seat covers and other leather related products, such as side wall panels, ceiling panels and leather trim for commercial aircrafts and private jets.

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2. PARTICULARS OF THE IPO (Cont'd)

We plan to utilise RM1.0 million from the Public Issue proceeds for the venture of PAviation's business into the aviation industry involving the following: -

Descriptions	Total (RM'000)
Expenses to obtain the relevant approvals and certifications	50
Tools and equipment	150
Setting up of paint booth for parts refurbishment [^]	60
Purchase of raw materials (namely leather and other raw materials for the aviation industry)	685
Setting up an office (renovation, furniture and fittings and office equipment)	55
Total	1,000

Note:-

[^] Refurbishment of aircraft parts such as toilet covers, toilet shrouds, toilet lids, seat escutcheon, food trays, arm rests and arm caps amongst others whereby the sections/ parts that are old/ damaged will be repaired/ replaced with new plastic and/or fibre glass components that shall be glued together, sanded down and repainted in the paint booth.

Our venture into the aviation leather upholstery industry will create an additional revenue stream and facilitate the growth of our Group as a whole.

Please refer to Section 4.20.3 of this Prospectus for further details.

(h) Estimated Listing Expenses

The estimated listing expenses for our Listing are as follows:-

Estimated Listing Expenses	Amount (RM'000)
Professional fees ⁽¹⁾	2,075
Fees to authorities	153
Underwriting, placement and brokerage fees	2,500
Other miscellaneous expenses and contingencies ⁽²⁾	272
Total	5,000

Notes:-

(1) Includes fees for the Principal Adviser, Reporting Accountants, Solicitors, Independent Registered Valuers and Independent Business and Market Research Consultants and other professional advisers as well as the Issuing House.

(2) Includes fees for the printing of prospectus, forms and envelopes, advertising of prospectus and other miscellaneous fees.

Our Company will bear all expenses and fees incidental to the Listing which includes underwriting and selling commissions, placement fees, brokerage fees, professional fees, fees to authorities, advertising and other fees, the aggregate of which is estimated to be RM5.0 million.

2. PARTICULARS OF THE IPO (Cont'd)

The Offer for Sale is expected to raise gross proceeds of approximately RM61.53 million. The entire proceeds of the Offer for Sale shall accrue entirely to the Offerors and no part of the proceeds will be received by our Company. The Offerors shall bear all expenses such as placement, management and miscellaneous fees relating to the Offer Shares estimated to be approximately RM1.84 million.

2.8 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

Our utilisation of the proceeds from the Public Issue is expected to have a positive financial impact on our Group as follows:-

(a) Enhancement of Working Capital

We will utilise RM26.97 million of the Public Issue proceeds for our working capital requirements as outlined in Section 2.7(a) of this Prospectus. Consequently, our balance of cash and cash equivalents will improve from approximately RM26.15 million to approximately RM54.90 million (based on our Group's proforma combined cash and cash equivalents as at 30 November 2015 after taking into consideration the Public Issue and utilisation of proceeds as disclosed in Section 8.5.2.5 of this Prospectus). This will allow us to be less reliant on external funding to finance our expected growth in business activities.

(b) Interest Savings

We will utilise RM17.10 million of the Public Issue proceeds to pare down a majority of our Group's existing bank borrowings as set out in Section 2.7(b) of this Prospectus. As such, based on an estimated average interest rate of 5.50% per annum, we expect to have interest savings of approximately RM0.94 million per annum.

It is our objective to minimise our gearing to enable our Group to have the flexibility and ability to raise financing if there is such need in order for us to finance our future growth and expansion including investing in new facilities as and when it is needed and/or attractive opportunities arise.

(c) Expansion of Product, Production Capacity and Market

We plan to expand our Smart Fit product as there is an increasing trend moving towards the inclusion of common features such as electronic adjustable seats, seat airbag and other types of latest seat functionalities in cars. This augurs well for our Smart Fit product as no dismantling of car seats and pre-installed fabric and/or other upholsteries are required, as such practice could result in potential voiding of the car manufacturers' warranty and/or the issue of unwanted deployment of airbags.

Our plan to establish market presence in Thailand by setting up an operations in Thailand to provide localised customer support as set out in Section 2.7(f) and correspondingly disclosed in Section 4.20.4 of this Prospectus are expected to contribute positively to our Group's future revenue stream.

In addition, our expansion in operating capacity with the purchase of new machineries and the construction of an additional storey of production floor area on the existing factory building, the opening of fifty (50) retail outlets nationwide and the venture of PAviation's business into the aviation industry as set out in Section 2.7 (c), (d), (e) and (g) as correspondingly disclosed in Sections 4.20.1 to 4.20.3 of this Prospectus are expected to contribute to our revenue growth in the future.

2. PARTICULARS OF THE IPO (Cont'd)

2.9 COMMISSIONS AND BROKERAGE

(a) Brokerage Fee

Brokerage is payable by our Company in respect of the Public Issue under Section 2.3.1(a) of this Prospectus at the rate of 1.0% of the IPO Price in respect of the successful Applications which bear the stamp of member participating organisation companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association and/ or MIH.

(b) Placement Fee

The Joint Placement Agents have agreed to place the IPO Shares available under private placement as set out in Sections 2.3.1 (c) and 2.3.2 (a) of this Prospectus.

Accordingly, our Company will pay the placement fee to be incurred on the sale of the Public Issue Shares under Section 2.3.1(c) of this Prospectus at the rate of up to 2.0% of the value of the Public Issue Shares reserved for private placement (being the number of Public Issue Shares reserved for private placement multiplied by the IPO Price) to be placed out successfully by our Joint Placement Agents.

The Offerors will pay the placement fee to be incurred on the sale of the Offer Shares under Section 2.3.2 (a) of this Prospectus at the rate of up to 2.0% of the value of the Offer Shares reserved for private placement (being the number of Offer Shares reserved for private placement multiplied by the IPO Price) to be placed out successfully by our Joint Placement Agents.

(c) Underwriting Commission

Our Company will pay the Joint Underwriters an underwriting commission at the rate of 2.0% of the value of the total underwritten Public Issue Shares under Sections 2.3.1(a) and 2.3.1(b) of this Prospectus (being the number of the underwritten Public Issue Shares multiplied by the IPO Price).

2.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The salient terms of the Underwriting Agreement dated 8 March 2016 entered into between our Company and the Joint Underwriters ("**Underwriting Agreement**"), including provisions which may allow the Joint Underwriters to withdraw from their obligations under the Underwriting Agreement after the IPO as extracted from the Underwriting Agreement, are set out below.

Unless otherwise stated, all capitalised terms herein shall bear the same meanings as prescribed in the Underwriting Agreement.

2.10.1 Agreement to Underwrite

Each of the Joint Underwriters severally and not jointly (nor jointly and severally) agrees to underwrite, subject to the Clawback and Reallocation, the Underwritten Shares in the numbers and proportions as set out below upon the terms and conditions contained in this Underwriting Agreement.

JOINT UNDERWRITERS	NUMBER OF UNDERWRITTEN SHARES
AmlInvestment Bank Berhad	9,400,000
Hong Leong Investment Bank Berhad	9,400,000
TOTAL	18,800,000

2. PARTICULARS OF THE IPO (Cont'd)

2.10.2 Conditions Precedent

- 1) The obligations of the Joint Underwriters (which are severally and not jointly (nor jointly and severally)) under this Underwriting Agreement are conditional, *inter alia*, upon:-
 - (a) receipt of written confirmation by the Company that on or prior to the Closing Date, there is no Material Adverse Effect nor any development reasonably likely to result in any Material Adverse Effect, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect which makes any of the representations and warranties contained in Clause 3 of this Underwriting Agreement untrue and incorrect nor the occurrence of any breach of the undertakings contained in Clause 3 of this Underwriting Agreement before the Closing Date;
 - (b) the Prospectus being in the form and substance satisfactory to the Joint Underwriters;
 - (c) the delivery to the Joint Underwriters on the Closing Date of such reports and confirmations as the Joint Underwriters may reasonably require to ascertain that there is no material change subsequent to the date of this Underwriting Agreement that will adversely affect the performance or financial position of the Company or its Subsidiaries;
 - (d) the IPO not being prohibited by any statute, order, rule, regulation or directive issued by any legislative, executive or regulatory body or authority in Malaysia, including but not limited to Bursa Securities and the SC;
 - (e) the Company having complied with and the IPO is in compliance with the Act, the CMSA, policies, guidelines and requirements of Bursa Securities and/or the SC and all revisions, amendments and/or supplements thereto;
 - (f) all Approvals required in relation to the IPO, the Admission and the Listing having been obtained and are in full force and effect as at the Closing Date and that all conditions of the Approvals (except for any which can only be complied with after the IPO has been completed) have been complied with to the satisfaction of the Joint Underwriters and such Approvals has not been withdrawn, amended, suspended, terminated, lapsed or been revoked;
 - (g) the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the IPO and the lodgement of the Prospectus with the CCM on or before their release under the IPO or in accordance with the CMSA together with copies of all documents required under the CMSA; and
 - (h) there is no breach of and/or failure to perform any of the warranties and undertakings by the Company contained in this Underwriting Agreement on or prior to the Closing Date.
- 2) If any of the conditions set out in Clause 2.3 of this Underwriting Agreement is not satisfied by the Closing Date or such later date as consented to in writing by the Joint Underwriters, any of the Joint Underwriters shall, subject to prior consultation, but not requiring concurrence of the other Joint Underwriter, thereupon be entitled to terminate this Underwriting Agreement by notice in writing.

2. PARTICULARS OF THE IPO (Cont'd)

2.10.3 Termination/ Lapse of Agreement

- 1) Notwithstanding anything contained in this Underwriting Agreement, any of the Joint Underwriters may, subject to prior consultation, but not requiring concurrence of the other Joint Underwriter, by notice in writing to the Company given at any time before the Listing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares, *inter alia*, if:-
- (a) there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3 of this Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the aggrieved Joint Underwriter; or
 - (b) there is withholding of information by the Company which is required to be disclosed to any of the Joint Underwriters pursuant to this Underwriting 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 Joint 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 IPO, or the distribution or sale of the Public Issue Shares; or
 - (c) there shall have occurred, happened or come into effect any Material Adverse Effect; or
 - (d) there shall have occurred, happened or come into effect any of the following circumstances which has an adverse effect on the condition or financial position of the Company:-
 - (i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or foreign exchange controls or the occurrence of any combination of any of the foregoing;
 - (ii) 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 or any event or series of events beyond the reasonable control of any of the Joint Underwriters; or
 - (iii) approval for the IPO is withdrawn, modified and/or subject to terms and conditions not acceptable to any of the Joint Underwriters;

which, (in the reasonable opinion of any of the Joint Underwriters), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Company, the success of the IPO, 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 Underwriting Agreement incapable of performance in accordance with its terms; or
 - (e) there is failure on the part of the Company to perform any of its obligations contained in this Underwriting Agreement.

3. RISK FACTORS

IN EVALUATING AN INVESTMENT IN THE IPO SHARES, YOU SHOULD CAREFULLY CONSIDER ALL INFORMATION CONTAINED IN THIS PROSPECTUS INCLUDING BUT NOT LIMITED TO THE FOLLOWING GENERAL AND SPECIFIC RISKS.

3.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS**3.1.1 Our Group is subjected to risks inherent to the automotive industry and automotive upholstery industry**

Our Group is principally engaged in the styling, manufacturing, distribution and installation of car seat covers and the supply of leather cut pieces to the automotive leather upholstery industry. Our Group is also involved in the styling, manufacturing, distribution and installation of car door trim covers and covers for other car accessories, the provision of sewing services for fabric car seat covers, the wrapping and stitching services for car accessories and the supply of raw materials. As such, we are subject to certain risks inherent to the automotive industry and automotive upholstery industry.

The risks in these industries include, *inter alia*, constraints in skilled labour supply, entry of new players, increases in the price of raw materials and other production costs, availability of raw materials, unfavourable changes in government and international policies such as tax legislations, changes in economic, business and credit conditions, and collectability of debts.

Our Group has constantly minimised these risks through, *inter-alia*, increasing the efficiency of operations, diversifying the pool of suppliers, expanding our geographical presence and customer base in both Malaysia and overseas markets as well as carrying out continuous review and improvement of our operations and production processes. However, there can be no assurance that any abrupt change to these factors will not have a material adverse effect on our Group's business operations.

3.1.2 Our pursuit of new ventures, namely the retail industry via EEmpire and the aviation upholstery and parts refurbishment industry via PAviation, involve risks and we may not be able to realise the anticipated benefits

We plan to expand into the retail industry via EEmpire and the aviation upholstery and parts refurbishment industry via PAviation, which would expose us to the risks inherent to these new ventures. The direct penetration into the REM retail market segment might not generate the results expected as our Group is relatively new to this market segment and most of our Group's current business is predominantly in the OEM and PDI market segments. In addition, we are exposed to the risk associated with the retail segment such as changes in taste and preferences of consumers, damages and thefts, and lack of recognition and track record in the retail industry, amongst others. The diversification into the aviation industry exposes us to various risks which include, *inter alia*, the lack of recognition and track record in the aviation industry being a new player, constraints in obtaining skilled and aviation approved labour supply, limited market size as compared to the automotive industry, as well as, high regulatory compliance requirements in the aviation industry.

Our Group is leveraging on the exposures of our Promoters in the automotive aftermarket business segment as set out in Section 4.20.2 of this Prospectus to expand into the retail industry via EEmpire. Further, our experience in the leather upholstery and automotive industry would facilitate us to adapt to the aviation upholstery and parts refurbishment industry, as both these industries have similarities in terms of having stringent requirements, albeit one from the end customers while the other more from the regulatory perspective. If these new ventures do not realise their anticipated benefits or if we fail to address the challenges associated with the said new ventures, our business, financial condition and results of operation could be adversely affected.

3. RISK FACTORS (Cont'd)

3.1.3 Fluctuation in foreign exchange rates could have an impact on our Group's financial performance

As set out in Section 4.10 of this Prospectus, the main component of our Group's purchase of raw materials is leather which is imported and denominated in USD. However, only a portion of our Group's revenue is derived from exports as set out in Section 4.5.3 of this Prospectus and is denominated mainly in USD, EUR, SGD and AUD. As such, any fluctuation of foreign currencies, particularly with reference to USD against the RM, will result in our Group incurring foreign currency exchange gains or losses. Based on the analysis on our Group's PBT for the past four (4) FYE 2012 to FYE 2015 and FPE 2015 on the assumptions that all other things remain unchanged except for the 5% and 10% appreciation or depreciation of RM against the USD, the impact on our Group's results in terms of foreign currency exchange gains or losses incurred would range from approximately 6.61% to 19.21% on our Group's PBT as set out below:-

Group	FYE 2012 RM'000	Change %	FYE 2013 RM'000	Change %	FYE 2014 RM'000	Change %	FYE 2015 RM'000	Change %	FPE 2015 RM'000	Change %
Combined PBT	7,964		12,624		18,793		23,770		9,525	
Increase by 5%	7,212	(9.44)	11,789	(6.61)	16,988	(9.60)	21,762	(8.45)	8,772	(7.91)
Increase by 10%	6,460	(18.88)	10,953	(13.24)	15,183	(19.21)	19,755	(16.89)	8,020	(15.80)
Decrease by 5%	8,716	9.44	13,459	6.61	20,598	9.60	25,778	8.45	10,278	7.91
Decrease by 10%	9,468	18.88	14,295	13.24	22,403	19.21	27,785	16.89	11,030	15.80

We maintain foreign currency accounts to off-set some of our sales against the purchases in foreign currencies to provide a certain degree of natural hedge. As and when the need arises, our management will make the necessary arrangements to hedge against exchange rate fluctuation, taking into account the exposure period and the relevant transaction costs.

Further, depending on the circumstances, certain of our customers allow us to revise or renegotiate the selling prices of our leather car seat covers which have enabled us to recover, to a certain extent, the foreign currency differences arising from the foreign currency fluctuation.

Notwithstanding the above, there is no assurance that any adverse fluctuation in foreign exchange rates would not have an impact on our Group's financial performance.

3.1.4 We rely on skilled labour and are dependent on foreign workers

Cost of production labour represented approximately 13.88%, 11.93%, 12.34%, 11.90% and 9.48% of our Group's total cost of sales for the FYE 2012, FYE 2013, FYE 2014, FYE 2015 and FPE 2015 respectively as tabulated in Section 8.4.2.2.2 of this Prospectus. Of these, foreign workers represented approximately 60.06%, 65.57%, 67.71%, 70.65%, 68.82% and 66.32% of our Group employees for the FYE 2012, FYE 2013, FYE 2014, FYE 2015, FPE 2015 and the LPD respectively as detailed in Section 5.9 of this Prospectus.

As at the LPD, our Group has a total of approximately 268 employees in the Production Department, of which 250 are foreign workers as set out below according to their respective nationalities:-

Countries	No. of Employees
Malaysia	18
Bangladesh	24
Nepal	219
Vietnam	5
Myanmar	1
Thailand	1
Total	268

3. RISK FACTORS (Cont'd)

The production of leather upholstery for car seats and accessories rely heavily on skilled labour, in areas such as cutting, sewing and quality control inspection. As leather is the largest component in our Group's cost structure, skilled labour forms an important element in ensuring maximum yield in the leather usage and minimising wastage in the manufacturing process. Inadequate supply of labour may disrupt the production processes.

All the employees including the foreign workers recruited are not skilled and need to undergo a systematic in-house training program to equip them with the skillset before they are involved in the production processes.

Any shortage of foreign workers will disrupt our operations resulting in the delay or interruption of our supply to our customers, which in turn will affect our profitability. Our Group has not experienced any disruptions arising from disputes among our workers nor were there any disputes between the workers and our Group.

In order to minimise the risk of labour shortages, our Group has been continuously recruiting new employees who are required to undergo in-house training conducted by the heads of the respective departments. Our new employees in the Production Department are required to undergo a competency test and we also provide on-the-job training to new employees to ensure that they are equipped with the necessary experience and skills.

On 19 March 2016, the Government announced a restructuring in the foreign levy rates from RM1,250 to RM1,850 per annum for the employment of foreign workers in the manufacturing, construction and service sectors. Currently, the levy charges of RM1,250 per annum for the employment of our foreign workers are recoverable via monthly deductions from the foreign workers' salaries. With the increase in the levy charges, our Group has decided to absorb the incremental portion of RM600 per annum and the expected financial impact to our Group is RM200,000 per annum (as at the LPD, our Group has a total of 323 foreign workers as disclosed in Section 5.9 of this Prospectus). This is not expected to have a material adverse impact on the profitability of our Group.

Our Group is continuously exploring other alternatives to automate our production processes, where possible, such as cutting, sewing and stitching, and the embroidering processes to reduce our dependency on labour. At the same time, we will also explore ways to improve the efficiency and productivity of our foreign workers, which could offset any potential increase in the associated cost of employing foreign workers.

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3. RISK FACTORS (Cont'd)

3.1.5 We may not be able to attract and retain Directors, key management team and skilled personnel

Our Group is led by our Group Managing Director, Datuk Teoh Hwa Cheng, with an experienced and capable management team with good track records. Datuk Teoh Hwa Cheng has extensive experience and in-depth knowledge in the leather related industry. With his wealth of experience and expertise, our Group's management is able to identify and seize market opportunities to help our Group stay ahead of the competition.

We are of the view that the continued success and ability of our Group to compete and expand in the automotive leather upholstery industry will depend significantly upon the abilities and continued dedication of our Directors, key management as well as skilled personnel of our Group.

However, we strive to maintain and further establish our Group's success by ensuring that we have the ability to retain our existing Directors, key management as well as skilled personnel as we recognise the importance of attracting and retaining the key management team and skilled personnel to support our business operations in the long term.

3.1.6 We are dependent on our major customers from the OEM (OE Fit) market segment who are Tier 1 car seat manufacturers in Malaysia

Our Group derives major revenue from the production of leather car seat covers for the OEM (OE Fit) market segment for Tier 1 car seat manufacturers in Malaysia, such as Toyota Boshoku UMW Sdn Bhd, Fuji Seats (Malaysia) Sdn Bhd, Tan Chong & Sons Motor Company Sdn Bhd, Lear Automotive Malaysia Sdn Bhd (*formerly known as TS-Lear Automotive (M) Sdn Bhd*), Auto Part Manufacturers Co Sdn Bhd and Mitsubishi Motors (M) Sdn Bhd, who are our major customers as detailed in Section 4.12 of this Prospectus, who in turn, supply their products directly to automotive assemblers such as Toyota, Perodua, Nissan, Proton, Hyundai and Mitsubishi.

Nevertheless, our Group also derives revenue from PDI (Smart Fit) and REM market segments, such as the supply of the leather car seat covers to Tan Chong & Sons Motor Company Sdn Bhd who has gradually shifted from being our OEM (OE Fit) market segment customer to the PDI (Smart Fit) segment customer from FYE 2013 onwards.

We have also exported our products to Netherlands, Australia and USA which individually contributed at least 5% of our Group's total revenue (in any one of the financial years/period) during the past four (4) FYE 2012 to FYE 2015 and FPE 2015 via our distribution partners. In Australia, besides working with our distribution partners, we have an online ordering system, where the customers can place their orders via our website. In addition to Netherlands, Australia and USA, the other overseas markets which our Group have exported our products to for the past four (4) FYE 2012 to FYE 2015 and FPE 2015 are as set out in Section 4.5.3 of this Prospectus whilst the details on our mode of distribution to the said export markets are disclosed in Section 4.5.4.1 (c) of this Prospectus.

Therefore, the availability of a diversified customer base has positioned our Group to rely less on a single customer. For the past four (4) FYE 2012 to FYE 2015 and FPE 2015, none of our customers continuously contributed more than 10% of our Group's total revenue as set out in Section 4.12 of this Prospectus.

In view of the above, our Group has been continuously expanding our customer base to include more marques as well as to expand our market presence in Malaysia and overseas.

3. RISK FACTORS (Cont'd)

3.1.7 Inadequate insurance coverage could have an adverse impact on our business operations

Our Group's assets, such as the manufacturing plant, storage area, office and hostel building, plant and equipment, as well as inventory are insured against any unforeseen circumstances which includes, *inter alia*, fire, flood, loss, damage, robbery and theft. We are aware of the adverse consequences arising from inadequate insurance coverage that could have an adverse impact on our business operations.

In order to minimise such risks, our Group regularly reviews and ensures adequate insurance coverage are obtained for our Group's assets, including but not limited to product liability insurance. Nevertheless, there can be no assurance that the insurance coverage would be adequate for the replacement costs of the assets or any consequential loss arising therefrom.

3.1.8 We are exposed to the risk of product liability claims that is inherent in our business and products

The nature of our Group's business exposes us to the risk of product liability claims that is inherent in the manufacturing and marketing of our products. As a designer and manufacturer, we may be subject to product liability claims due to product defects. A substantial claim or a substantial number of claims relating to our products could have a material and adverse impact on our business, operating results and financial position.

If our products prove to be defective and result in losses to our customers, we may be liable to product liability claims under the Malaysian law or any other jurisdictions' law in which our products are supplied and sold. As a result, we may have to incur significant legal costs and divert our administrative resources regardless of the outcome of the claims. In addition, any such claim could damage our relationships with our customers and business reputation. We may also be forced to defend lawsuits and if unsuccessful, to pay a substantial amount of damages.

Although we have not experienced any product liability claim since the commencement of our business, there is no assurance that the aforementioned will not occur in the future. Nonetheless, the management is of the view that our products have passed the stringent production and quality control processes, and are adequately covered and insured by the product liability insurance.

3.1.9 Our trademarks and patents for the development and usage of our Smart Fit product may be subjected to infringement, counterfeiting, unauthorised third party use or exploitation

We believe that one of the critical factors that differentiate us from our competitors is our trademarks and our patents relating to the development of our Smart Fit product. In order to defend our patents and trademarks used in our products, we have ensured that such patents and trademarks are filed for registration and/or duly registered under the relevant intellectual property offices around the world.

Save for PLeather's application for the patent of interchangeable vehicle interior lining that has been registered in Malaysia (as disclosed in Section 4.14.2(a)(i) of this Prospectus), PLeather's other application for the same patent in Taiwan, Indonesia, USA, Thailand and Japan (as disclosed in Section 4.14.2(a)(ii) of this Prospectus) are still pending registration ("**PLeather's Patents**").

3. RISK FACTORS (Cont'd)

Apart from PLeather's Patents, all other patents for vehicle seat covers and trademarks used in our products are not filed for registration and/or duly registered originally by our Group but was filed for registration and/or duly registered in the name of either MRZ or Seatcoverpro whereby our Group Managing Director, Datuk Teoh Hwa Cheng and Executive Director, Datin Sam Yin Thing are the substantial shareholders. Nonetheless, MRZ and Seatcoverpro have entered into Deeds of Assignment respectively with PLeather to assign and transfer all rights, title and interest in respect of all these patents and trademarks used in our products to our Group. Further details of the Deeds of Assignment are disclosed in Section 13.5(b), (c) and (d) of this Prospectus.

Although Datuk Teoh Hwa Cheng and Datin Sam Yin Thing are the Directors and substantial shareholders of MRZ and Seatcoverpro, the Board of Pecca (save for Datuk Teoh Hwa Cheng and Datin Sam Yin Thing) confirms that the aforementioned Deeds of Assignment executed between our Group and MRZ and Seatcoverpro were not detrimental to the minority shareholders of our Company.

Claw back events might arise if winding up proceedings had commenced on MRZ and/or Seatcoverpro pursuant to the Act, affecting the transactions contemplated under the Deeds of Assignment. Nevertheless, based on the documents and information made available to our solicitors for the IPO, Messrs Jeff Leong Poon & Wong ("JLPW") as well as the statutory declarations made by Datuk Teoh Hwa Cheng and Datin Sam Yin Thing, JLPW is of the view that there is adequate basis to contest any claw back events that might arise.

However, there is no guarantee that we will be able to defend our patents and trademarks against infringement, counterfeiting, unauthorised third party use or exploitation, any of which would reflect negatively on the image of our brand names and patents. Should we fail to protect and retain our intellectual property rights, this may have an adverse impact on our business, operational results and financial position.

In addition, in relation to the trademarks and patents for which the completion of the registration is still in process, there is a possibility that these registrations may not be successful. In such case, the Pecca Group may still manufacture or sell the products which are dependent on the use of such intellectual properties, unless there is an identical or similar patent successfully filed by a third party. The respective intellectual property authorities may accept the application for the registration of identical or similar intellectual properties filed by a third party. If any legal proceeding against the Pecca Group for infringement of intellectual property rights of third parties is successful, the Pecca Group may be prohibited from manufacturing or selling products which are dependent on the use of such intellectual properties. This may have an adverse effect on our reputation, brand equity, business operational results and financial position.

3.2 RISKS RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES

3.2.1 Adverse developments in the political, economic and regulatory conditions in Malaysia and other countries may affect our Group's financial position and business prospects

Adverse developments in the political, economic and regulatory conditions in Malaysia and other countries where our Group operates, sources our supplies or markets our products, could materially and unfavourably affect the financial position and business prospects of our Group. Political, economic and regulatory uncertainties that may develop include, but are not limited to the changes in political leadership, risks of war, expropriation, nationalisation, renegotiation or nullification of existing contracts, methods of taxation and unfavourable changes in government policies such as introduction of new regulations, import duties and tariffs, and currency exchange controls.

Although our Group seeks to limit such risks through prudent financial management and efficient operating procedures, there can be no assurance that any change to these factors will not materially affect our Group's business and financial performance.

3. RISK FACTORS (Cont'd)**3.2.2 Fluctuation in automotive leather prices would impact the selling prices of our products**

Automotive leather is a major cost component in the manufacturing of automotive leather upholstery and constitutes approximately 61.41% and 65.02% of the total cost of sales for the FYE 2015 and FPE 2015 respectively (as disclosed in Section 8.4.2.2.2 of this Prospectus) or 75.25% and 76.54% of the total cost of raw materials consumed (as disclosed in Section 4.10 of this Prospectus) for the FYE 2015 and FPE 2015 respectively. Generally, leather prices fluctuate with the supply and demand condition in the global market. According to the Heavy Native Steers category of the IMF Primary Commodity Prices, leather hides prices have increased by approximately 17.8% to USD 0.86 per pound from January 2012 to December 2012. In 2013, it increased further to USD 1.05 per pound and up to its all-time high of USD1.15 per pound in September 2014. However, the prices have since moderated to USD0.94 per pound in June 2015 and USD0.70 per pound in February 2016. According to Frost & Sullivan, the decline in leather hide prices mirrors similar trends in global commodity prices and weaker growth in emerging markets on demand, especially for leather-based products.

The tanneries that manufacture automotive leather procure the semi-processed or wet-blue leather whereby only a portion of the leather hide is being used. In this regard, the variation in the price of automotive leather largely corresponds with the difference in quality of the finished leather itself and less by the fluctuation of leather hide prices.

Fluctuation in automotive leather prices would to a certain extent impact our selling prices to our OEM (OE Fit)/ PDI (Smart Fit) customer segments whereby the supply of our products is in accordance with the specifications of the vehicle models depending on the model life cycle of the vehicles. For any new OEM/ PDI project secured, the project development time of approximately six (6) to nine (9) months from the award date to mass production would also expose us to the fluctuation in automotive leather prices. However, for customers that have nominated the source of leather supplier(s) to us, we will not be affected by the fluctuation in the leather hide prices as we have a back to back arrangement for the reimbursement of price differences from our customers. Furthermore, leather hide is a widely traded commodity and any increase or fluctuation in the price of leather hide will affect all the players in the automotive leather upholstery industry and will result in consequential general increase in the pricing of the products.

Nevertheless, there can be no assurance that our business would not be adversely affected if there is an adverse long-term price movement of leather hides.

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3. RISK FACTORS (Cont'd)**3.2.3 Our Group faces intense competition in the automotive industry**

We believe that with our established business relationships with our customers, good business track record, prompt delivery, consistent quality and price competitiveness of our products, our Group is ready to face the challenges and the intense competition in the automotive industry both in the domestic market and in the overseas markets where we export our Group's products.

Our Group faces competition locally from DK Leather Corporation Berhad, OEM Autoseats Malaysia Sdn Bhd and Gosford Leather Sdn Bhd, which also supply to local OEM automotive assemblers, such as Honda Malaysia Sdn Bhd, Inokom Corporation Sdn Bhd, Volvo Car Manufacturing Malaysia Sdn Bhd, Tan Chong Motor Holdings Berhad and Perusahaan Otomobil Nasional Berhad as disclosed in paragraph 3.12 of the Independent Market Research Report in Section 10 of this Prospectus.

Although there will be lower entry barriers as the industry becomes more competitive with the progressive market liberalisation in terms of removal or reduction of tariffs (duties and surcharges) and non-tariff obstacles (licensing rules, quotas and other requirements), the continued success of most of the automotive upholstery leather players is dependent on the established close working relationships with the original brand manufacturers. The original brand manufacturers set stringent requirements such as approvals for product testing, close monitoring of rejection rates, monthly grading of suppliers' on-time delivery performance, VAVE and cost-down capabilities of suppliers. Further, it is the original brand manufacturers that determine the final specifications of the products resulting in a very limited number of existing local automotive leather manufacturers who would be able meet their stringent requirements and standards in order to qualify for the role as their suppliers. In addition, economies of scale of our Group also pose significant barriers to entry to potential new players in the industry.

Further, our Stylelab with in-house design and styling capabilities, competitiveness in the quality of our product and pricing, up-to-date manufacturing facilities and capabilities will ensure our continued edge to compete in the local market whilst our commitment to our timely delivery and competitive pricing including our ability to meet the stringent requirements set by the local original brand manufacturers have also provided us with the advantage to be competitive in the production of our products for the export markets.

Although our Group intends to grow and compete effectively, there is no assurance that our Group will be able to maintain or surpass our existing market share in the future. According to Frost & Sullivan, we are the largest automotive leather upholstery supplier for the OEM and PDI passenger vehicle segments in Malaysia in 2015. We command a market share of about 36.3% in 2011, 38.4% in 2012, 57.8% in 2013, 65.2% in 2014 and 67.7% in 2015 based on the number of installed-leather-upholstery passenger vehicle units for OEM and PDI market segments for each respective year, with the exclusion of REM market segment.

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3. RISK FACTORS (Cont'd)

3.2.4 There are no long term contractual agreements between our Group and our customers

There are no long term contractual agreements between our Group and our customers. This is the norm in the industry in which our Group operates where the supply of leather upholstery for car seat covers is dependent on the life-cycle of individual car models and/or variants. According to Frost & Sullivan, the OEMs typically introduce new car models via facelift every three (3) to four (4) years or full model change every seven (7) years. Frost & Sullivan anticipates this trend to bode well for the automotive leather upholstery industry as car accessories are now an integral part of the OEM's customer fulfilment strategy for both new and facelift car models in order to attract new buyers. Within each model, there are typically several variants whereby the interior styling, including the upholstery of the vehicle, are different and would be changed or updated at least twice during the life cycle of the model.

Despite the absence of long term contracts with our customers, our Group has an established and proven track record in consistently providing high quality products and services, which has earned our Group the confidence and recognition of our local and overseas customers. This is evident as approximately 57.93% and 43.78% of our Group's total revenue for the FYE 2015 and FPE 2015 respectively was derived from our major customers that have established business relationships with us for at least six (6) years whereas approximately 80.89% and 78.11% of our Group's total revenue for the FYE 2015 and FPE 2015 respectively was derived from our major customers that have established business relationships with us for at least four (4) years as disclosed in Section 4.12 of this Prospectus. As at the LPD, we are the supplier of leather car seat covers for all the car models for Perodua, Mitsubishi and Nissan. We are also the supplier for most of the models that have localised leather program for Hyundai and Toyota which further testified to our proven track record on our product quality and services. This in turn has enabled our Group to enjoy long and stable relationships with various groups of customers, ranging from car assemblers to distributors and end users. In addition, for car assemblers to change suppliers in the middle of the life cycle of a specific model, new development and testing would be required to be conducted. This new development and testing process on average would require approximately six (6) to nine (9) months while for the existing supplier to redevelop the existing design would require approximately two (2) to three (3) months.

Furthermore, our Group seeks to limit this risk by broadening our clientele base, which includes, inter-alia, venturing into new markets abroad.

Nevertheless, there can be no assurance that the absence of long term contractual agreements with customers will not have any adverse effect on our Group's business.

3.2.5 We are dependent on our suppliers for the supply of the raw materials and components

The raw materials used by the manufacturers for the production of automotive leather upholstery consist mainly of leather hides, PVC, plastic parts and foam. The manufacturers in this industry rely on imports of leather hides. Although leather hides are sourced outside of Malaysia, the automotive leather upholstery industry is not dependent on any individual country for the supply of leather hides as leather hides are widely traded commodity in the world. The other raw materials such as PVC, plastic parts and foam are available from a range of manufacturers and suppliers locally and overseas. Hence, the players in this industry are not relying on any particular manufacturer for the supply of raw materials and components.

3. RISK FACTORS (Cont'd)

The main raw material consumed by our Group is leather hides. To ensure the uniformity and consistency in colour and embossed print of our products, we opt to source the supply of leather hides from limited number of suppliers. For the past three (3) FYE 2012 to FYE 2014, our Group was dependent on Conceria Pasubio Spa (Italy) for the supply of leather hides. Conceria Pasubio Spa (Italy) accounted for approximately 65.07%, 63.66%, 58.59%, 24.52% and 3.90% of our Group's total purchases for the past four (4) FYE 2012 to FYE 2015 and FPE 2015 respectively. Our Group has adopted a multiple sourcing policy to reduce the dependency on single leather hides supplier resulting in Zendaleather S.A. (Uruguay) being our major supplier for leather hides for FYE 2015 and FPE 2015 and accounted for approximately 33.04% and 28.73% of our Group's total purchases respectively. We are also required by our customer, Toyota Boshoku UMW Sdn Bhd, to source the leather hides directly from its nominated supplier for selected models of car manufactured by Toyota, namely Camry and Hilux which has resulted in Toyota Tsusho (Malaysia) Sdn Bhd being our major supplier for the FYE 2015 and FPE 2015 accounting for approximately 19.98% and 41.26% of our Group's total purchases respectively. In addition, our Group has increased the purchase of leather hides from Industria Conciaria Europa SPA (Italy) from approximately 3.94% in FYE 2015 to approximately 11.46% in FPE 2015 of our Group's total purchase. The increase in the purchase of leather hides from Zendaleather S.A. (Uruguay), Toyota Tsusho (Malaysia) Sdn Bhd and Industria Conciaria Europa SPA (Italy) has resulted in the consequential reduction in the supply of leather hides from Conceria Pasubio Spa (Italy) for FYE 2015 and FPE 2015 as indicated above. In addition, our Group also sources leather hides from a small pool of tanneries from Thailand.

In order to mitigate the reliance on any single supplier, we have established vendor development programmes (as disclosed in Section 4.11 of this Prospectus) and a list of approved suppliers. Our established relationships with our suppliers had grown to mutually benefit both our Group and the suppliers whereby our Group represents a major customer to the suppliers. This assures our Group of our ability to source for a constant supply of raw materials at reasonable prices, which in turn minimise and avoid any disruption to our operations.

In practice, we normally keep sufficient level of stocks of leather hide, PVC and other main materials. This is due to the lead time of approximately 2.5 months between the order and delivery of leather hides from our supplier. For other materials, the lead time averages from 2 weeks to a month as most of them are sourced locally.

Our Group has not experienced any interruption to the supply of these key raw materials in the past. Nevertheless, there can be no assurance that any change to factors such as diseases, natural disaster, environment and political issues will not have any material adverse effect on the supply of raw material to our Group.

3.2.6 Our Group's leather products are subject to product substitution

The demand for leather upholstery instead of the standard material of textile or fabric for automotive upholstery is likely to grow in tandem with growing consumer affluence and the increase in the production of vehicles. Simultaneously, improvements in textile technology have also led to invention of synthetic leather that exhibit similar aesthetic properties to leather. Synthetic leather thus can be considered as a close substitute, yet it does not command similar prestige and quality as leather.

Nevertheless, we believe that automotive assemblers and end users would still prefer to use leather instead of synthetic leather as leather is a premium material for the automotive upholstery and has been the preferred choice since the invention of automobiles given its durability and tactile characteristics. The availability of synthetic leather provides the platform for industry players to use complementary materials to achieve greater cost advantage that meets the OEM configuration.

3. RISK FACTORS (Cont'd)

3.2.7 Our Group's performance is dependent on the automotive industry and automotive leather upholstery industry

The performance of our Group relies heavily on the automotive industry and automotive leather upholstery industry. There is no assurance that our revenue will grow or be maintained at a profitable level should there be a decline in the performance of the automotive industry and automotive leather upholstery industry generally.

Nevertheless, as our products and services cater for three (3) distinctive segments within the automotive industry, i.e. OEM, PDI and REM, this provide the assurance to our Group that the production and operations of our Group are diversified and we are not dependent on any single segment of the automotive leather upholstery industry thus providing us with the necessary infrastructure for our Group to adjust our marketing strategy accordingly to face any potential challenges in the automotive leather upholstery industry.

Further, our Group via PAviation is venturing into the manufacturing, repair, refurbishment, distribution and installation of aircraft leather seat covers and other leather related products, for the commercial aircrafts and private jets which are in the aviation industry. These will diversify the revenue stream of our Group thereby reducing our dependency on a single industry, i.e. the automotive industry.

3.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES**3.3.1 There has been no prior market for our Shares and an active market for our Shares may not develop**

Prior to this invitation, there has been no public market for our Shares. There can be no assurance that an active market for our Shares will develop and continue to develop upon or subsequent to our Listing or, if developed, that such a market can be or will be sustained. The IPO Price has been determined after taking into consideration a number of factors, including but not limited to our Group's financial and operating history and conditions, our prospects and the prospects of the industry in which our Group operates, the management of our Group, the market price for shares of companies engaged in similar businesses and the prevailing market conditions.

There can be no assurance that the IPO Price will correspond to the market price at which our Shares will be traded on the Main Market of Bursa Securities upon or subsequent to our Listing or that an active market for our Shares will develop or continue to develop upon or subsequent to our Listing.

3.3.2 Our Listing may fail, be delayed or aborted

Our Listing may fail or be delayed should any of the following events occur:-

- (a) the Bumiputera investors approved by the MITI under the Private Placement fail to subscribe for the Offer Shares allocated to them;
- (b) our Joint Underwriters exercise their rights pursuant to the Underwriting Agreement to discharge themselves from their obligations thereunder;
- (c) the selected investors under the Private Placement fail to subscribe for the IPO Shares allocated to them;

3. RISK FACTORS (Cont'd)

- (d) our Company is unable to meet the public spread requirements, i.e. at least 25.0% of the total enlarged issued and paid-up share capital of our Company must be held by a minimum of one thousand (1,000) public shareholders holding not less than one hundred (100) Shares each in our Company at the point of Listing; and
- (e) unfavourable market conditions, which may give rise to a low subscription rate for the IPO Shares.

We will endeavour to comply with the Listing Requirements and SC Guidelines whichever is applicable and relevant to the above factors. However, there can be no assurance that the abovementioned factors and/or events will not cause a delay in or abortion of our Listing.

3.3.3 The monies paid in respect of our IPO Shares may not be recovered in the event the Listing and/or trading of our Shares on Bursa Securities do not occur

After the IPO Shares have been allotted and/or allocated to the respective investors' CDS accounts maintained with Bursa Depository, which would occur at least two (2) clear Market Days prior to the anticipated date for the Listing, it may not be possible to recover monies paid in respect of the IPO Shares from us in the event the Listing and the commencement of trading on the Main Market of Bursa Securities do not occur.

Delays in listings and commencement of trading in shares on Bursa Securities have occurred in the past. In respect of the Public Issue Shares comprised in the IPO Shares, following their allotment and issue to investors, a return of monies to such investors may be effected by way of a reduction of our share capital. A capital reduction would require the approval by special resolution of our shareholders as well as approval by the High Court of Malaya.

Further, such capital reduction shall not be effected if on the date the reduction is to be effected, there are reasonable grounds for believing that we are, or after the reduction would be, unable to pay our liabilities as they become due.

There can be no assurance that monies can be recovered within a short period of time, or at all. If Bursa Securities does not admit our Shares for the Listing, the market for our Shares will be illiquid and it may not be possible to trade our Shares. This may also have a materially adverse effect on the value of our Shares.

3.3.4 Our Promoters control the business direction and management of our Group including the voting outcome of our shareholders

Upon our Listing, our Promoters, namely MRZ, Datuk Teoh Hwa Cheng and Datin Sam Yin Thing collectively control 51.0% of our enlarged issued and paid-up share capital as set out in Section 6.2 of this Prospectus. As a result, they will still be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as influence the outcome of certain matters requiring the voting of our shareholders unless our Promoters are required to abstain from voting by law and/or by the relevant guidelines or regulations.

However, as part of our corporate governance policies, we have appointed Dato' Mohamed Suffian bin Awang, Dato' Dr Norraesah binti Haji Mohamad and Leong Kam Weng as Independent Directors to our Board. They will be sitting in various committees such as audit, remuneration and nomination to ensure that all decisions made are in the best interests of our shareholders at large. Further, they will ensure that, *inter alia*, all future transactions involving related parties, if any, are entered into on an arm's length basis, normal commercial terms that are not more favourable to the related parties than those generally available to third parties and are not to the detriment of our minority shareholders.

3. RISK FACTORS (Cont'd)

3.3.5 Our Share price may be volatile

The performance of the local bourse is very much dependent on external factors such as the performance of the regional and world bourses, and the flow of foreign funds. Sentiments are also driven by internal factors such as political and economic conditions. These factors invariably contribute to the volatility of the local bourse. Our Shares upon Listing will be subject to the vagaries of the Malaysian capital markets. Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as the business activities of our Group have no direct correlation with the performance of Bursa Securities.

The market price of our Shares may fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:-

- (a) variations in our operating results;
- (b) changes in securities analysts' recommendations, perceptions or estimates of our financial performance or future prospects;
- (c) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed in Malaysia;
- (d) announcements by us of significant acquisitions, disposals, strategic alliances or joint ventures;
- (e) fluctuation in stock market prices and trading volumes;
- (f) our involvement in material litigations;
- (g) additions or departures of key personnel;
- (h) success or failure of our management in implementing business and growth strategies; and
- (i) changes in conditions affecting the industries in which we operate, general economic conditions or stock market sentiments.

3.3.6 Forward-looking statements in this Prospectus are subject to uncertainties and contingencies

Certain statements in this Prospectus are based on historical data, which may not be reflective of our future results and any forward-looking statements are subject to uncertainties and contingencies. All forward-looking statements are based on estimates, forecasts and assumptions made by our Company and our Group, and although believed to be reasonable, are subject to unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of our Group to differ materially from the future results, performance and achievements expressed or implied in such forward-looking statements. Such factors include, *inter alia*, general economic and business conditions, competition and the impact of new laws and regulations affecting our Group. In the light of these and other uncertainties, the inclusion of any forward-looking statements in this Prospectus should not be regarded as a representation by our Company or our Company's adviser that the plans and objectives of our Group will be achieved.

4. INFORMATION ON OUR GROUP

4.1 GROUP OVERVIEW

4.1.1 Our History and Business

We were incorporated in Malaysia under the Act on 27 July 2010 as a private limited company under the name of Pecca Malaysia Sdn Bhd. Subsequently, we changed our name to Pecca Group Sdn Bhd on 28 April 2014. We were converted into a public limited company and assumed our present name on 12 June 2014.

Pecca is an investment holding company with three (3) subsidiaries, namely PLeather PAviation and EEmpire, the details of which are as follows:-

Company	Description
PLeather	Commenced operations in December 2000 and is principally involved in the styling, manufacturing, distribution and installation of leather upholstery for car seat covers, as well as the supply of leather cut pieces to the automotive leather upholstery industry. PLeather is also involved in other related business activities such as styling, manufacturing, distribution and installation of car door trim covers and covers for car accessories (such as steering wheels, gearshift knobs, handbrake levers, console box and operating manual book), provision of sewing services for fabric car seat covers, provision of wrapping and stitching services, and the supply of raw materials to the automotive upholstery industry.
PAviation	Commenced operations in December 2015 and principally involved in the manufacturing, repair, refurbishment, distribution and installation of aircraft leather seat covers and other leather related products, such as side wall panels, ceiling panels and leather trim for commercial aircrafts and private jets. PAviation has submitted its application to the DCA to obtain certification and related approval in accordance with the licensing requirements of the DCA and the FAA internationally for its venture into the aviation leather upholstery and parts refurbishment in the aviation industry. PAviation's application for its venture into parts refurbishment has been approved by the DCA on 9 March 2016 whilst the approval for its venture into the aviation leather upholstery is pending and is expected to be obtained by end of 2016, the details of which are set out in Section 4.1.4(b)(i) of this Prospectus.
EEmpire	Currently dormant. The intended principal activity is to operate retail outlets selling Smart Fit, Quick Fit and car accessory covers in Malaysia.

Our products and services currently cater for three (3) segments within the automotive upholstery industry, namely:-

- (i) OEM;
- (ii) PDI; and
- (iii) REM.

4. INFORMATION ON OUR GROUP (Cont'd)

Our Group's humble beginnings started with the incorporation of PLeather in 2000 by our founder and Group Managing Director, Datuk Teoh Hwa Cheng. With his exposure in the leather industry gained in managing his own trading and manufacturing of small leather goods and his intention to grow upstream in the leather business, Datuk Teoh Hwa Cheng set his vision to venture into the supply of leather car seat covers for the burgeoning automotive industry. He saw the potential in the supply of leather car seat covers for the automotive industry including ample room for growth for a new player in the said market as at that point of time, there was only a handful of qualified vendors serving the OEM and PDI segments. He invited his brother-in-law, Sam Chee Keng, who is experienced in the development of templates for leather car seat covers and was the Head of the R&D of a leather car seat cover company to join him as an Executive Director in PLeather. PLeather commenced business operations in the same year in 2000 at Lot 51, Jalan E1/2, Kawasan Perindustrian Ehsan Jaya, Taman Ehsan, Kepong, 52100 Kuala Lumpur producing leather car seat covers with a monthly production capacity of 300 sets of leather car seat covers.

In the same year in 2000, Datuk Teoh Hwa Cheng also established MRZ Car Seat Sdn Bhd which was principally involved in the installation of car seats for the aftermarket sales. PLeather's business was concentrated on aftermarket sales where we supplied our leather car seat covers to MRZ Car Seat Sdn Bhd catering for individual car owners that intend to refurbish their car seat covers and interior, and servicing showrooms of car distributors for customers that intend to upgrade the interior of their cars to leather. MRZ Car Seat Sdn Bhd has ceased its operations since February 2015 as disclosed in item (2) of Section 7.1.2 of this Prospectus.

After being involved and establishing ourselves in the manufacturing and supply of leather car seat covers for the aftermarket sales segment for about four (4) years, we were awarded our first major contract in 2004 to supply leather car seat covers for the Proton Waja model in the OEM market segment. The contract was awarded by Johnson Controls Automotive Holding (M) Sdn Bhd, a Tier 1 car seat manufacturer for Proton.

After establishing ourselves in the Malaysian market, we have gradually expanded our business operations to the overseas market. The following are the main overseas markets that our Group have exported our products to, which have individually contributed at least 5% of our Group's total revenue in any one of the financial year/ period during the past four (4) FYE 2012 to FYE 2015 and FPE 2015:-

- (a) Netherlands;
- (b) Australia; and
- (c) USA.

We export our products through our distribution partners in the abovementioned countries. Further, for the Australian market, we also have an online ordering system, where the customers can place their orders via our website. Further details on our mode of distribution to the export markets are disclosed in Section 4.5.4.1 (c) of this Prospectus.

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4. INFORMATION ON OUR GROUP (Cont'd)

The OE Fit leather car seat covers for the OEM segment is the main revenue generator representing approximately 47.02%, 54.34%, 53.70%, 65.61% and 55.26% of our Group's total revenue for the FYE 2012, FYE 2013, FYE 2014, FYE 2015 and FPE 2015 respectively as the OE Fit leather car seat covers contributed to our Group's highest sales volume during the aforesaid financial years/ period as compared to the contribution by the other car seat covers manufactured by our Group. There is a higher demand for the OE Fit leather car seat covers for the OEM segment as the OE Fit leather car seat covers form part of the standard car accessories for selected variants of the car models launched by the car manufacturers to the market. The OE Fit leather car seat covers involve the installation of leather seat covers directly on bare coverless seats by the Tier 1 Car Seat Manufacturers. The supply of OE Fit leather car seat covers also encompass the PDI segment whereby the installation process under the PDI segment is relatively complex as the whole car seat need to be dismantled from the car, followed by the stripping off of the original fabric cover and subsequent installation of leather seat cover onto the bare car seat. The long installation hours and potential damage to the car interior have prevented the PDI customers from considering leather upholstery as an accessory option. These obstacles encountered in the supply of leather upholstery to the PDI market have prompted us to initiate the development of leather car seat covers which possesses the features of easy in-the-car installation and at the same time, command comparable good fitment to conventional OE leather car seat covers have led to our development of Smart Fit leather car seat covers.

In 2009, we successfully introduced the Smart Fit product for leather car seat covers and door trim covers, and commenced commercialisation of the product in the Malaysian market. We managed to secure our first contract in Malaysia that same year, involving the manufacture and supply of Smart Fit car seat covers for the Viva model to Perodua Sales Sdn Bhd. Our Smart Fit product is an innovative method to attach a leather car seat cover firmly onto a car seat that is easy, convenient and would not affect the texture of the original cushion or fabric layer of a car seat. Subsequently, we introduced the innovative Smart Fit car door trim cover, which allows convenient and time-efficient assembly of the products onto a cars' interior without destroying the texture of the doors' original fabric. We believe that our Smart Fit product would offer quality leather upholstery in compliance with OEM quality and safety specifications for our customers in the PDI market segment with shorter installation time.

In 2010, we started to develop and apply our Smart Fit product to cater for various Japanese car models such as Toyota Noah, Toyota Yaris and Nissan Dualis. Subsequently, we successfully introduced our Smart Fit product for Nissan Serena car model and started commercial production for the PDI market segment in Japan.

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4. INFORMATION ON OUR GROUP (Cont'd)

Since the introduction of our Smart Fit product, we have been awarded the contracts for the manufacturing of Smart Fit car seat covers and door trims for the following models:-

No.	Customers	Car Models	Year Contract Awarded	Countries
1.	Perodua Sales Sdn Bhd	<ul style="list-style-type: none"> • Perodua Viva • Perodua Myvi • Perodua Alza 	<ul style="list-style-type: none"> • 2009 • 2011 • 2011 	Malaysia
2.	Toyota Tsusho Corporation	<ul style="list-style-type: none"> • Nissan Serena 	<ul style="list-style-type: none"> • 2011 	Japan
3.	Mitsubishi Motor (Malaysia) Sdn Bhd	<ul style="list-style-type: none"> • Mitsubishi Mirage 	<ul style="list-style-type: none"> • 2012 	Malaysia
4.	PT Duta Berkah Anugerah	<ul style="list-style-type: none"> • Nissan Serena 	<ul style="list-style-type: none"> • 2013 	Indonesia
5.	Tan Chong & Sons Motor Co Sdn Bhd	<ul style="list-style-type: none"> • Nissan Serena • Nissan Grand Livina • Nissan Almera • Nissan X-Gear • Nissan X-Trail • Nissan Navara 	<ul style="list-style-type: none"> • 2013 • 2013 • 2014 • 2014 • 2015 • 2016 	Malaysia
6.	Nissan Motor (Thailand) Company Limited	<ul style="list-style-type: none"> • Nissan X-Gear 	<ul style="list-style-type: none"> • 2014 	Thailand
7.	Mitsubishi Motor (Thailand) Company Limited	<ul style="list-style-type: none"> • Mitsubishi Mirage • Mitsubishi Attrage 	<ul style="list-style-type: none"> • 2014 • 2014 	Thailand

There were no duration specified in the contracts for the manufacturing of Smart Fit car seat covers and door trims that were awarded to our Group under the PDI program as tabulated in the above table, save for PT Duta Berkah Anugerah, which has a contract duration of one (1) year. The contracts awarded were specific for each car model and the supply would be for the life of the said car model, unless the contract was being terminated prematurely due to issues such as quality and the delivery of our products. As at the LPD, there were no contracts that have been awarded to our Group that were being terminated prematurely. Normally, the car manufacturers prefer to source the supply of their upholstery products from the same or single source for a particular model in order to facilitate the ease of tracking for replacements when there are warranty claims by the end users/ customers of the car.

As our business grew, we decided to relocate as we had outgrown our then premise located at Lot 51, Jalan E1/2, Kawasan Perindustrian Ehsan Jaya, Taman Ehsan, Kepong, Kuala Lumpur. In 2010, we relocated our entire business operations to a new office cum manufacturing plant at No 1, Jalan Perindustrian, Desa Aman 1A, Industri Desa Aman, Kepong 52200 Kuala Lumpur. Our new premise enables all our departments to operate under one roof, which assists in improving our operational efficiency and effectiveness.

As at the LPD, with a total factory area of 89,896 Sq Ft and 268 personnel in our Production Department, we boast a monthly production capacity of 10,000 sets of leather car seat covers.

In August 2011, we introduced our Quick Fit product to the market. In the same year in 2011, we incorporated EEmpire with the intention of venturing upstream into the seat manufacturing business and to become a Tier 1 supplier of complete car seats to car manufacturers. The plan was abandoned when the car manufacturers has indicated that EEmpire needs to forge technical partnerships with renowned car seat manufacturers in order for EEmpire to be considered as a Tier 1 supplier of car seats. As such, EEmpire was dormant and does not hold any assets since its incorporation in 2011. EEmpire intends to operate retail outlets of selling Smart Fit, Quick Fit and car accessory covers in Malaysia based on our future plans as disclosed in Section 4.20.2 of this Prospectus.

As a natural extension of our emphasis on producing quality products, we established a QMS in 2003 in accordance with international standards.

4. INFORMATION ON OUR GROUP (Cont'd)

In 2004, we obtained the ISO 9001:2000/DIN EN ISO 9001:2000/MS ISO 9001:2000 certification for production and supply of leather car seat cover from TUV NORD. Subsequently, in 2006, we upgraded our ISO 9001:2000 certification to ISO/TS 16949:2002 QMS certification for the manufacturing of leather and synthetic leather seat covers for automotive industry. We further upgraded the ISO/TS 16949:2002 certification to ISO/TS 16949:2009 QMS certification in 2010 upon satisfying additional requirements from the enhanced scope of the QMS amongst others, the conformity to product requirements instead of concentrating only on product quality, additional compliance to statutory instead of regulatory requirements under the old standard. In 2013, we obtained ISO 14001:2004 for Environmental Management System and OHSAS 18001:2007 for Occupational Health and Safety Management System certifications from Bureau Veritas.

Our strong QMS enabled us to penetrate into the continental car market, which requires more stringent quality requirements. In 2012, we fulfilled the quality requirements during the process audit carried out by the Volkswagen Group at our premise. Since December 2012, we have been performing a process audit in accordance with the VDA 6.3 audit standard developed by the VDA. Subsequently, we were conferred as an approved supplier of leather car seat covers to the Volkswagen Group.

In 2014, we were awarded the first project by the Volkswagen Group Malaysia Sdn Bhd, which involved the manufacture and supply of OE Fit leather car seat covers for VW361 model.

As a result of our strong commitment to quality and customer satisfaction, our Pecca Group and our Group Managing Director, Datuk Teoh Hwa Cheng has received various awards such as:-

- (a) Enterprise 50 Award Programme 2007 from SMIDEC and Deloitte in 2007;
- (b) Golden Bull Award for Malaysia's 10 Outstanding SMEs from Nan Yang Siang Pau in 2008 and 2009;
- (c) 6th Asia Pacific International Entrepreneur Excellence Award 2007 for Excellence Leadership in 2007; and
- (d) Special Edition World Award 2015 for Brand Excellence in Manufacturing Automotive Leather Interior from Asia Pacific Brands Foundation.

According to Frost & Sullivan, we are the largest automotive leather upholstery supplier for the OEM and PDI passenger vehicle segments in Malaysia in 2015. We command a market share of about 36.3% in 2011, 38.4% in 2012, 57.8% in 2013, 65.2% in 2014 and 67.7% in 2015 based on the number of installed leather upholstery passenger vehicle units for OEM and PDI market segments for each respective year, with the exclusion of REM market segment. Please refer to paragraph 3.13 of the Independent Market Research Report in Section 10 of this Prospectus for further details.

To date, our clientele from OEM and PDI market segments include car brands such as Perodua, Proton, Mitsubishi, Toyota, Nissan, Hyundai, Suzuki, Subaru, Peugeot, Volkswagen and Isuzu, amongst others.

We believe that our success in capturing both domestic and overseas markets has been built on our strong emphasis on leather quality, vigilant quality control and constant innovation.

4. INFORMATION ON OUR GROUP (Cont'd)**4.1.2 Share Capital and Changes in Share Capital**

As at the LPD, our Company's authorised share capital is RM250,000,000 comprising 500,000,000 Shares of which 140,204,000 Shares have been issued and fully paid-up.

The changes in our Company's issued and fully paid-up share capital since incorporation were as follows:-

Date of Allotment	No. of Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Fully Paid-Up Share Capital (RM)
27.07.2010	2	1.00	Cash	2
16.11.2015	2	0.50	Subdivision	2
17.11.2015	2	0.50	Cash	3
01.12.2015	140,083,994	0.50	Shares issued as consideration for the Acquisition of PLeather	70,042,000
01.12.2015	120,000	0.50	Shares issued as consideration for the Acquisition of PAviation	70,102,000

Upon completion of the Public Issue, our Company's issued and fully paid-up share capital will increase to RM94,000,000 comprising 188,000,000 Shares.

None of Pecca's shares as tabulated above were issued at a discount, on special terms or on instalment payment terms.

As at the LPD, Pecca does not have any warrant, option or convertible securities in issue or any uncalled capital.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.1.3 Corporate Structure**

Our Group's corporate structure upon Listing is depicted in Section 1.1 of this Prospectus.

The details of our subsidiaries and their respective business activities are as follows:-

Corporation	Date/ Place of Incorporation	Effective Equity Interest (%)	Issued and Paid-up Share Capital (RM)	Principal Business Activities
PLeather	28.06.2000/ Malaysia	100	9,200,002	Styling, manufacturing, distribution and installation of leather car seat covers, supply of leather cut pieces to the automotive upholstery industry and other services related to the automotive upholstery industry
PAviation	02.07.2009/ Malaysia	60	100,000	Manufacturing, repair, refurbishment, distribution and installation of aircraft leather seat covers and other leather related products
EEmpire	08.08.2011/ Malaysia	100	6,000,000	Dormant. The intended principal activity is to operate retail outlets selling Smart Fit, Quick Fit and car accessory covers in Malaysia

4.1.4 Our Subsidiaries**(a) PLeather****(i) Background and History**

PLeather was incorporated in Malaysia under the Act as a private company on 28 June 2000 under the name of Pecca Distribution Sdn Bhd. On 8 November 2000, it changed its name to Pecca Manufacturing Sdn Bhd. Subsequently, on 14 December 2001, it changed and assumed its present name.

PLeather commenced operations in December 2000.

(ii) Principal Activities and Products/ Services

The principal activities of PLeather are styling, manufacturing, distribution and installation of leather car seat covers, supply of leather cut pieces to the automotive upholstery industry and other services related to the automotive upholstery industry.

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4. INFORMATION ON OUR GROUP (Cont'd)**(iii) Share Capital**

As at the LPD, the authorised share capital of PLeather is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each of which 9,200,002 ordinary shares of RM1.00 have been issued and fully paid-up.

The changes in PLeather's issued and paid-up share capital since incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-Up Share Capital (RM)
28.06.2000	2	1.00	Subscriber's shares	2
24.02.2001	99,998	1.00	Cash	100,000
30.10.2001	200,000	1.00	Cash	300,000
22.10.2003	2,000,000	1.00	Assignment of liabilities	2,300,000
03.01.2005	2,300,000	1.00	Bonus shares issued on the basis of one (1) new ordinary share for every one (1) existing ordinary share held	4,600,000
20.01.2006	1	1.00	Cash	4,600,001
29.12.2006	4,600,001	1.00	Bonus shares issued on the basis of one (1) new ordinary share for every one (1) existing ordinary share held	9,200,002

None of PLeather's shares as tabulated above were issued at a discount, on special terms or instalment payment terms.

As at the LPD, PLeather does not have any warrant, option or convertible securities in issue or any uncalled capital.

(iv) Shareholder

PLeather is our wholly-owned subsidiary.

(v) Subsidiary or Associated Company

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

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4. INFORMATION ON OUR GROUP (Cont'd)**(b) PAviation****(i) Background and History**

PAviation was incorporated in Malaysia under the Act as a private company on 2 July 2009 under the name of Pecca Stylelab Sdn Bhd. On 29 September 2014, it changed and assumed its present name.

On 12 March 2015, PAviation has submitted its application to the DCA to obtain DCA's approval for the Certificate of Airworthiness for its venture into the aviation leather upholstery and parts refurbishment in the aviation industry. The approval of the DCA for PAviation's venture into the parts refurbishment in the aviation industry has been obtained via a certificate of approval dated 9 March 2016. However, the approval of the DCA for PAviation's venture into the aviation leather upholstery is delayed pending the submission of an internal audit report by PAviation to DCA demonstrating PAviation's readiness and capability to undertake the leather upholstery business which include the provision of the detailed floor layout plan, list of machineries and PAviation's manpower and skill set readiness for the manufacturing of the aviation leather upholstery activities. Based on the said additional requirements, PAviation is expected to obtain the DCA approval on leather upholstery business by end 2016. Thereafter, PAviation shall prepare the relevant documentation to obtain certification and related approvals from the FAA to be recognised as an international player in the industry. We expect to receive the relevant certification and approval from FAA by 2017.

PAviation has commenced business on 23 December 2015 as it has secured an interior refurbishing project from ExecuJet Malaysia Sdn Bhd, a certified and licensed MRO operator, to refurbish the side wall, headliner panels and floor carpet and toilet seat replacements for a private jet. ExecuJet Malaysia Sdn Bhd was responsible for the certification of the project after completion.

(ii) Principal Activities and Products/ Services

The principal activities of PAviation are manufacturing, repair, refurbishment, distribution and installation of aircraft leather seat covers and other leather related products.

(iii) Share Capital

The authorised share capital of PAviation is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 100,000 ordinary shares of RM1.00 have been issued and fully paid-up.

The changes in PAviation's issued and paid-up share capital since incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-Up Share Capital (RM)
02.07.2009	100	1.00	Cash	100
13.11.2014	99,900	1.00	Cash	100,000

None of PAviation's shares as tabulated above were issued at a discount, on special terms or instalment payment terms.

4. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, PAviation does not have any warrant, option or convertible securities in issue or any uncalled capital.

(iv) Shareholders

PAviation is a 60.0% owned subsidiary of our Company.

The shareholders of PAviation are as follows:-

Name	Direct		Indirect	
	No. of Ordinary Shares of RM1.00 Held	(%)	No. of Ordinary Shares of RM1.00 Held	(%)
Pecca	60,000	60.00	-	-
Wohlstand	40,000	40.00	-	-
MRZ	-	-	^(a) 60,000	60.00
Datuk Teoh Hwa Cheng	-	-	^(b) 60,000	60.00
Datin Sam Yin Thing	-	-	^(c) 60,000	60.00

Notes:-

- (a) Deemed interested by virtue of its shareholding in Pecca pursuant to Section 6A of the Act.
- (b) Deemed interested by virtue of his substantial shareholding in Pecca and his shareholding in MRZ pursuant to Section 6A of the Act.
- (c) Deemed interested by virtue of her shareholding in MRZ pursuant to Section 6A of the Act.

The profile of the shareholder of PAviation, Wohlstand is as follows:-

(aa) Background and History

Wohlstand was incorporated in Malaysia under the Act as a private company on 13 March 2014.

The principal activity of Wohlstand is the provision of aircraft maintenance, repairs, overhaul, consultation and other related activities.

(bb) Share Capital

As at the LPD, the authorised share capital of Wohlstand is RM400,000 comprising 400,000 ordinary shares of RM1.00 each of which 50,000 ordinary shares of RM1.00 have been issued and fully paid-up.

As at the LPD, the Directors and shareholders of Wohlstand are as follows:-

Name	Nationality	Direct		Indirect	
		No of Ordinary Shares of RM1.00 Each	%	No of Ordinary Shares of RM1.00 Each	%
<i>Directors and shareholders</i>					
Tsng Fuh Shen	Malaysian	25,000	50.0	-	-
Ooi Eng Huat	Malaysian	25,000	50.0	-	-

4. INFORMATION ON OUR GROUP (Cont'd)**(cc) Profiles of the Shareholders of Wohlstand**

The profiles of the shareholders of Wohlstand, Tsng Fuh Shen and Ooi Eng Huat are as follows:-

- (1) **Tsng Fuh Shen**, aged 43, a Malaysian, is the 50% equity shareholder of Wohlstand. He obtained his CAA UK Aircraft Engineer License in Avionics from Scotland Perth-AST Training College in 1994 and Master of Business Administration (General Management) from University of Hull, United Kingdom in 2003. He has more than 24 years of operational experience in the aviation industry and is a holder of Aircraft Maintenance Licence Holder under classes AMEL(EASA)-B2 Avionics and AMEL(DCA MAL)-Avionics. He has experience in aircraft maintenance management, engineering planning and defect control, quality assurance and compliance in the aviation which is applicable for both the MRO and FBO services. He also has experience in hanger operations for FBO services. He has assumed various roles as a Licensed Aircraft Maintenance Engineer, Maintenance Control Planning Engineer, Quality Assurance Engineer, Supply Chain Manager, Director of Quality and Safety System (Aircraft Management), Director of Operations and Chief Operating Officer-Ground Operation during his tenure in the aviation industry.

His qualification and experience are instrumental to PAViation's pursuit of venturing in the aviation industry as our Group relies on him to satisfy the requirement of having a qualified certified Engineer in the aviation industry in the application to obtain the certifications and approvals from the FAA and DCA.

Pursuant to the JV Agreement and Contract for Service Agreement as defined and disclosed in Section 4.20.3 of this Prospectus, he is contracted to provide his services to PAViation for a period 24 months from 1 October 2014 to 30 September 2016 and upon the commencement of PAViation's operations, he will be responsible for the business development aspects of PAViation.

- (2) The profile of Ooi Eng Huat who is our Executive Director cum Operation Manager of PAViation is as disclosed in Section 5.4.2 (g) of this Prospectus.

There is no relationship between the Promoters of Pecca and the Directors and shareholders of Wohlstand.

(v) Subsidiary or Associated Company

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

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4. INFORMATION ON OUR GROUP (Cont'd)

(c) EEmpire**(i) Background and History**

EEmpire was incorporated in Malaysia on 8 August 2011 under the Act as a private company under its present name.

(ii) Principal Activities and Products/ Services

Since its incorporation and up to the LPD, EEmpire is dormant. The intended principal activity is to operate retail outlets selling Smart Fit, Quick Fit and car accessory covers in Malaysia.

EEmpire does not hold any assets since its incorporation in 2011. Please refer to Section 4.1.1 of this Prospectus on the background history of EEmpire and Section 4.20.2 of this Prospectus on the intended principal activity of EEmpire on the opening of the retail outlets.

(iii) Share Capital

The authorised share capital of EEmpire is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each of which 6,000,000 ordinary shares of RM1.00 have been issued and fully paid-up.

The changes in EEmpire's issued and paid-up share capital since incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-Up Share Capital (RM)
08.08.2011	2	1.00	Cash	2
17.08.2011	5,999,998	1.00	Cash	6,000,000

None of EEmpire's shares as tabulated above were issued at a discount, on special terms or instalment payment terms.

As at the LPD, EEmpire does not have any warrant, option or convertible securities in issue or any uncalled capital.

(iv) Shareholder

EEmpire is our wholly-owned subsidiary.

(v) Subsidiary or Associated Company

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

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4. INFORMATION ON OUR GROUP (Cont'd)

4.2 LISTING SCHEME

In conjunction with and as an integral part of our listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities, our Company undertook a Listing Scheme which involved the following which are inter-conditional among each other:-

(a) Dividend Payment

Prior to the Subdivision, Allotment and Acquisitions, PLeather had declared and paid the following dividends to its shareholders:-

- (i) First interim dividend amounted to approximately RM2.58 million which was declared on 2 December 2014 and paid on 10 December 2014; and
- (ii) Second interim dividend amounted to approximately RM5.70 million which was declared on 28 May 2015 and paid on 19 June 2015.

The aforementioned dividends was declared and paid from PLeather's PAT generated for the FYE 2015.

(b) Subdivision

Our Company undertook a subdivision of one (1) existing ordinary share of RM1.00 each in Pecca into two (2) new Shares.

The Subdivision resulted in the ordinary shares of our Company to increase from two (2) ordinary shares of RM1.00 each to four (4) Shares. The issued and paid-up share capital of our Company remains as RM2.00.

The Subdivision was completed on 16 November 2015.

(c) Allotment

Subsequent to the Subdivision, our Company allotted and issued a total of two (2) Shares.

The details of the Allotment and the shareholdings of Pecca after the Allotment are as follows:-

Shareholders	Existing No. of Shares Held in Pecca	No. of Shares in Pecca Allotted	No. of Shares Held in Pecca After Allotment	Interest (%)
Datuk Teoh Hwa Cheng	2	1	3	50.00
Datin Sam Yin Thing	2	-	2	33.33
Chong Swee Main	-	1	1	16.67
Total	4	2	6	100.00

The Allotment resulted in the ordinary shares of our Company to increase from four (4) Shares to six (6) Shares and the issued and paid-up share capital of Pecca to increase from RM2.00 to RM3.00.

The Allotment was completed on 17 November 2015.

4. INFORMATION ON OUR GROUP (Cont'd)

(d) Acquisitions

(i) Acquisition of EEmpire

Our Company had entered into a conditional sale and purchase agreement dated 24 December 2014 with PLeather to acquire 100.0% of the issued and paid-up share capital of EEmpire comprising 6,000,000 ordinary shares of RM1.00 each for a cash consideration of RM5,980,000. The purchase consideration of EEmpire was based on the audited NTA of EEmpire as at 30 June 2014 of RM5,980,165 and was satisfied via internally generated funds.

The Acquisition of EEmpire was completed on 1 December 2015.

(ii) Acquisition of PLeather

Our Company had entered into a conditional sale and purchase agreement dated 24 December 2014 with the Vendors of PLeather to acquire the entire issued and paid-up share capital of PLeather comprising 9,200,002 ordinary shares of RM1.00 each for a purchase consideration of RM70,041,997, satisfied wholly by the issuance of 140,083,994 new Shares at an issue price of RM0.50 per share. The purchase consideration of PLeather was based on the adjusted audited NTA of PLeather as at 30 June 2014 after adjusting for the fair value (net of deferred taxation) of the properties of PLeather of RM9,933,682 as set out below:-

	RM
Audited NTA of PLeather as at 30 June 2014	60,108,941
Fair value adjustment to the properties of PLeather (net of deferred taxation)	<u>#9,933,682</u>
Adjusted audited NTA of PLeather as at 30 June 2014	<u>70,042,623</u>

Note:-

The fair value adjustment arising from the revaluation of the properties of PLeather is as set out below:-

(A)	(B)	(C = A - B)	(D)	(E = C - D)	(F)	(G = E x F)
Market Value*	NBV as at	Gross	Deferred	Net	Equity	Amount of
RM	30.06.2014	Surplus	Taxation	Surplus	Interest	Surplus
	RM	RM	RM	RM	%	RM
36,320,000	23,075,090	13,244,910	3,311,228	9,933,682	100.00	<u>9,933,682</u>

Note:-

* The revaluation of the properties is based on market value as appraised by the Independent Registered Valuers. Please refer to Sections 4.15.1 and 12 of this Prospectus for further details on valuation of the properties.

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4. INFORMATION ON OUR GROUP (Cont'd)

The shareholdings of the Vendors of PLeather in our Company pursuant to the Acquisition of PLeather are as follows:-

Shareholders	No. of Ordinary Shares of RM1.00 Each Held in PLeather	Equity Interest %	Purchase Consideration RM	No. of Pecca Shares Issued
MRZ	7,935,000	86.25	60,411,210	120,822,420
Datuk Teoh Hwa Cheng	1,200,002	13.04	9,135,925	18,271,850
Syed Mohammad Hafiz bin Syed Razlan	65,000	0.71	494,862	989,724
Total	9,200,002	100.00	70,041,997	140,083,994

The Acquisition of PLeather was completed on 1 December 2015.

(iii) Acquisition of 60% PAviation

Our Company had entered into a conditional sale and purchase agreement dated 24 December 2014 with the Vendors of PAviation to acquire 60.0% of the issued and paid-up share capital of PAviation comprising 60,000 ordinary shares of RM1.00 each for a purchase consideration of RM60,000 satisfied wholly by the issuance of 120,000 new Shares in Pecca at an issue price of RM0.50 per share. As at 30 June 2014, PAviation registered the audited net tangible liabilities of RM15,125. The purchase consideration was based on the cost of investment in PAviation by the Vendors of PAviation after taking into consideration the increase in the issued and paid-up share capital of PAviation on 13 November 2014 as set out below:

Issued and Paid-up Share Capital of PAviation	RM
Issued and paid-up share capital as at 30 June 2014	100
Increase in issued and paid-up share capital on 13 November 2014	99,900
Total issued and paid-up share capital	100,000
Cost of investment by the Vendors of PAviation based on 60.0% equity interest	60,000

The shareholdings of the Vendors of PAviation in our Company pursuant to the Acquisition of 60.0% PAviation are as follows:-

Shareholders	No. of Ordinary Shares of RM1.00 Each Held in PAviation	Equity Interest %	Purchase Consideration RM	No. of Pecca Shares Issued
Datuk Teoh Hwa Cheng	48,000	48.00	48,000	96,000
Datin Sam Yin Thing	12,000	12.00	12,000	24,000
Total	60,000	60.00	60,000	120,000

The Acquisition of PAviation was completed on 1 December 2015.

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4. INFORMATION ON OUR GROUP (Cont'd)

The Acquisition of PLeather and Acquisition of 60.0% PAviation resulted in our issued and paid-up share capital being increased from six (6) Pecca Shares to 140,204,000 Pecca Shares.

The new Pecca Shares issued pursuant to the Acquisition of PLeather and Acquisition of 60.0% PAviation ranked *pari passu* in all respect with our existing Pecca Shares, except that the new Pecca Shares will not be entitled to any dividends, rights, allotment or other distributions declared, made or paid prior to the date of allotment and issuance of the said Pecca Shares.

(e) IPO

Subsequently, we are undertaking an IPO, the details of which are set out in Section 2.3 of this Prospectus.

(f) Listing of and Quotation for Our Shares

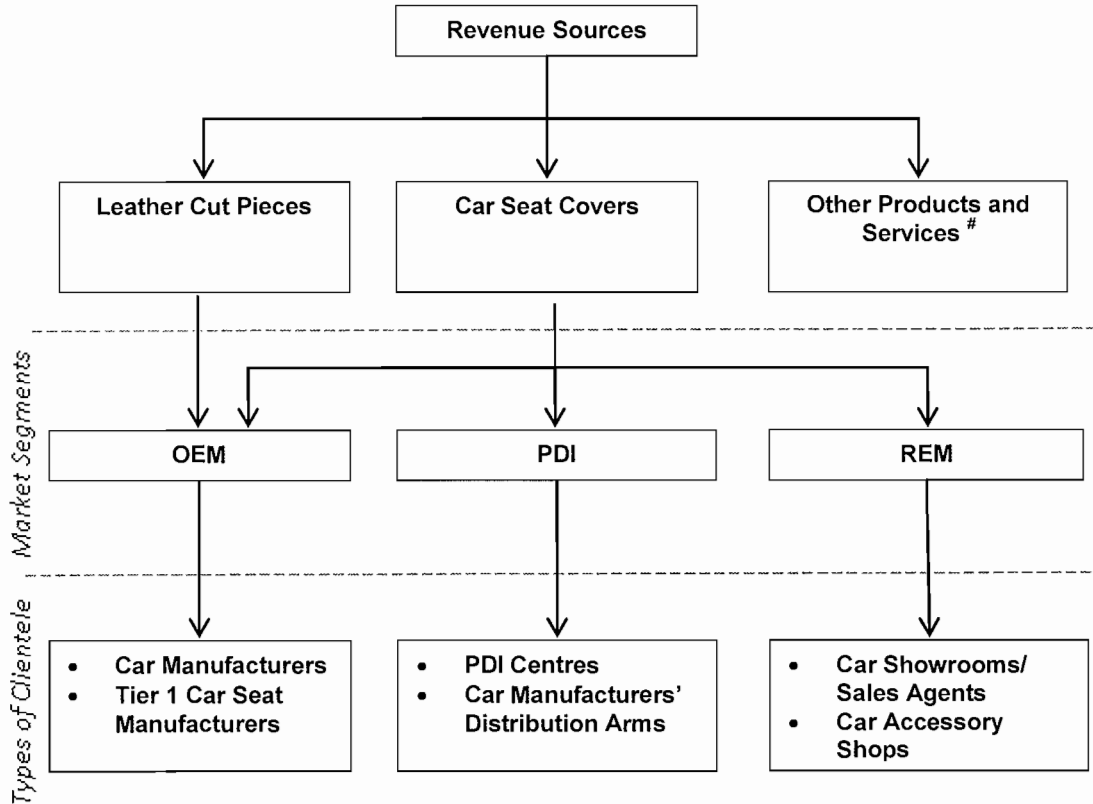
Upon completion of the abovementioned IPO, we will seek the admission of our Shares into the Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.3 OVERVIEW OF OUR GROUP'S BUSINESS ACTIVITIES AND SERVICES

Our Group's business model is depicted in the diagram below, on which the revenue generation is based upon:-



Note:-

Other products and services include car door trim covers and covers for car accessories, sewing services for fabric car seat covers, wrapping and stitching services and supply of raw materials to the automotive upholstery industry.

4.4 KEY ACHIEVEMENTS, AWARDS AND RECOGNITION

The table below sets out our Group's development and achievement milestones, including awards and recognition that we have been awarded over the years:-

Year	Key Achievements, Awards and Recognition
2001	<ul style="list-style-type: none"> • PLeather set up an R&D Department.
2004	<ul style="list-style-type: none"> • Obtained ISO 9001:2000/DIN EN ISO 9001:2000/MS ISO 9001:2000 certification for production and supply of leather car seat cover from TUV NORD; • Expanded our business operations to the REM segment in the USA; and • Secured our first project in OEM market segment with Johnson Controls Automotive Holding (M) Sdn Bhd.

4. INFORMATION ON OUR GROUP (Cont'd)

Year	Key Achievements, Awards and Recognition
2006	<ul style="list-style-type: none"> ISO 9001:2000 QMS certification was upgraded to ISO/TS 16949:2002 by TUV NORD.
2007	<ul style="list-style-type: none"> Received the Enterprise 50 Award Programme 2007 from SMIDEC and Deloitte; and Received the 6th Asia Pacific International Entrepreneur Excellence Award 2007 for Excellence Leadership.
2008	<ul style="list-style-type: none"> Received the 2nd position – Top 10 for Golden Bull Award 2008 of the 6th Malaysia's 100 Outstanding SMEs.
2009	<ul style="list-style-type: none"> Received the 9th position – Top 10 for Golden Bull Award 2009; Expanded our business operations to the REM segment in the Netherlands; Commenced commercialisation of Smart Fit product to Malaysian market; and Secured first contract for Smart Fit in Malaysia for the supply of Smart Fit car seat covers for Viva model to Perodua Sales Sdn Bhd.
2010	<ul style="list-style-type: none"> Introduced Smart Fit product to the Japanese market.
2012	<ul style="list-style-type: none"> Awarded our first project for the Smart Fit product by Nissan Motor Company Limited for Serena model. We supplied our products through Toyota Tsusho Corporation, Japan; and Expanded our business operations to the REM segment in Australia.
2013	<ul style="list-style-type: none"> Started to perform a process audit in accordance with the VDA 6.3 standards, which enabled us to become an approved supplier of leather car seat covers to Volkswagen Group; Obtained ISO 14001:2004 certification for manufacturing of leather and synthetic leather seat cover and interior finishing for automotive industries; and Obtained OHSAS 18001:2007 certification for manufacturing of leather and synthetic leather seat cover and interior finishing for automotive industries.
2014	<ul style="list-style-type: none"> Awarded the first maiden project by the Volkswagen Group Malaysia Sdn Bhd upon being successfully qualified pursuant to the process audit in accordance with the VDA 6.3 standard for OE Fit car seat covers.
2015	<ul style="list-style-type: none"> Received Special Edition World Award 2015 for Brand Excellence in Manufacturing Automotive Leather Interior by Asia Pacific Brands Foundation.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.5 OVERVIEW OF OUR GROUP'S PRODUCTS, SERVICES AND OPERATIONS

4.5.1 Business Activities Overview

We are principally involved in the styling, manufacturing and distribution of leather car seat covers for OEM, PDI and REM market segments, as well as the installation of leather car seat covers for the PDI market segment. We also supply of leather cut pieces for the OEM market segment.

The summary of our business activities is presented below:-

(a) Principal Business Activities

Product	Market Segment		
	OEM	PDI	REM
Car seat covers	<ul style="list-style-type: none"> Styling Manufacturing Supplying 	<ul style="list-style-type: none"> Styling Manufacturing Distribution Installation 	<ul style="list-style-type: none"> Styling Manufacturing Distribution
Product name	<ul style="list-style-type: none"> OE Fit 	<ul style="list-style-type: none"> Smart Fit 	<ul style="list-style-type: none"> OE Fit ⁽ⁱ⁾ Quick Fit Smart Fit ⁽ⁱⁱ⁾
Customer ⁽ⁱⁱⁱ⁾	<ul style="list-style-type: none"> Toyota Boshoku UMW Sdn Bhd Fuji Seats (Malaysia) Sdn Bhd Lear Automotive (Malaysia) Sdn Bhd Auto Parts Manufacturers Co Sdn Bhd Mitsubishi Motors Malaysia Sdn Bhd 	<ul style="list-style-type: none"> Tan Chong & Sons Motor Company Sdn Bhd Perodua Sales Sdn Bhd 	<ul style="list-style-type: none"> Coöperatie Leder Inbouw Nederland U.A Shrin Corporation Doyles Group
Leather cut pieces	<ul style="list-style-type: none"> Supplying 	Not applicable	Not applicable
Customer ⁽ⁱⁱⁱ⁾	<ul style="list-style-type: none"> Toyota Boshoku UMW Sdn Bhd 	Not applicable	Not applicable

Notes:-

- (i) Supplied to end users through referrals from car sales agents for new car models and direct to showrooms for reconditioned models as detailed in Section 4.5.2.1(d) of this Prospectus.
- (ii) Presently, our Group does not supply our Smart Fit product to the REM market. We plan to supply our Smart Fit product to the REM market segment when we open our own retail outlets as detailed in Section 4.20.2 of this Prospectus.
- (iii) The customers who individually contributed 5.0% or more to the total revenue of our Group for the past four (4) FYE 2012 to FYE 2015 and FPE 2015.

4. INFORMATION ON OUR GROUP (Cont'd)**(b) Other Business Activities**

Product	Market Segment		
	OEM	PDI	REM
Car accessory covers:- > car door trim > steering wheel > gearshift knobs > handbrake lever > operating manual book > console box	<ul style="list-style-type: none"> • Styling • Manufacturing • Distribution 	<ul style="list-style-type: none"> • Styling • Manufacturing • Distribution • Installation 	<ul style="list-style-type: none"> • Styling • Manufacturing • Distribution
Fabric car seat covers	<ul style="list-style-type: none"> • Sewing 	Not applicable	Not applicable
Car accessory covers:- > car door trim > steering wheel > gearshift knobs > handbrake lever > console box	<ul style="list-style-type: none"> • Wrapping • Stitching 	Not applicable	Not applicable
Raw materials	Not applicable	Not applicable	<ul style="list-style-type: none"> • Supplying

The customers for the other business activities of our Group, for the products as tabulated in the table above, individually contributed less than 5.0% of the total revenue of our Group for the past four (4) FYE 2012 to FYE 2015 and FPE 2015.

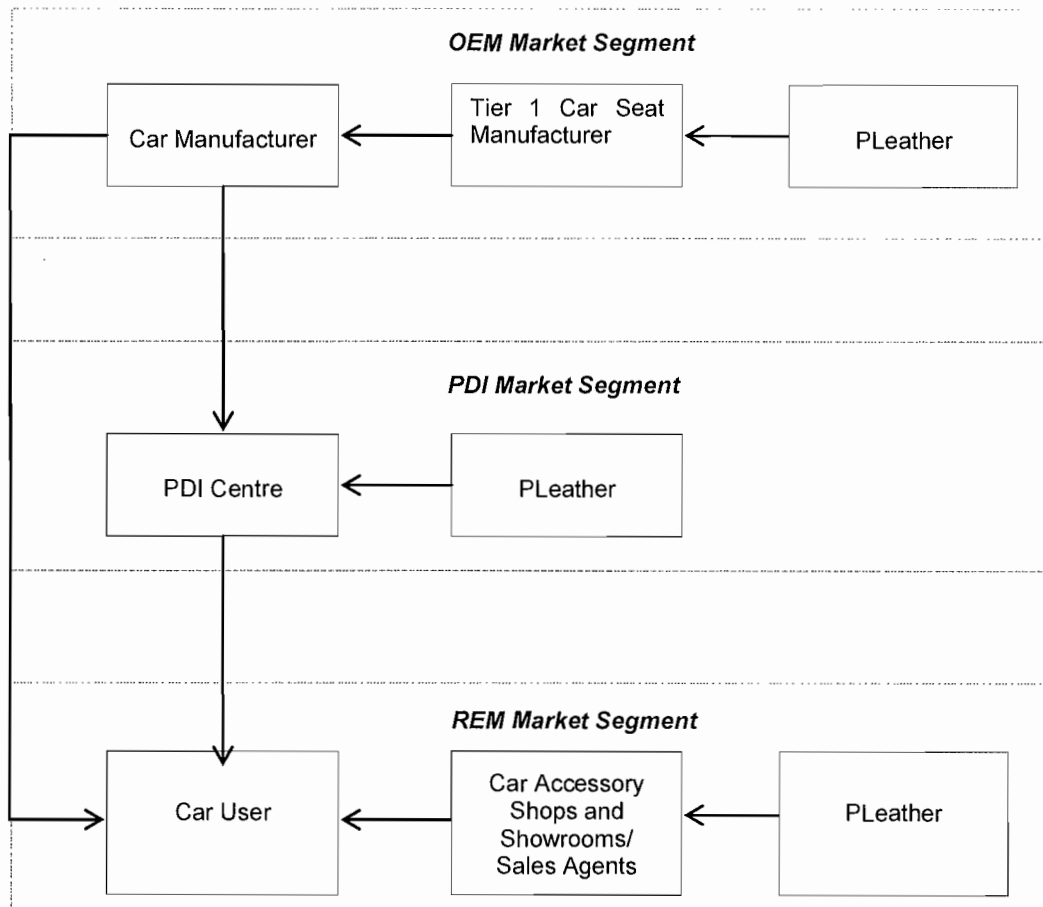
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4. INFORMATION ON OUR GROUP (Cont'd)

4.5.1.1 Principal Business Activities

(a) Car Seat Covers

Our car seat covers cater to three (3) segments within the automotive industry, as presented in the diagram below:-



(i) Leather Car Seat Covers for OEM Market Segment

We are an OEM supplier of leather car seat covers. We are principally involved in the styling, manufacturing and supplying of customised leather car seat covers for Tier 1 car seat manufacturers and car manufacturers in Malaysia. This segment is the main revenue generator for our Group for the FYE 2012 to FYE 2015 and FPE 2015 as the OE Fit leather car seat covers contributed to our Group's highest sales volume during the aforesaid financial years/ period as the OE Fit leather car seat covers are embedded as part of the standard car accessories for selected variants of the car models launched by the car manufacturers to the market.

Car manufacturers determine the quality requirements and specifications for the car components, including leather upholstery of car seats. Hence, our products for OEM market segment are manufactured in accordance with the precise specifications as determined by our car manufacturer clients. We supply our products to Tier 1 car seat manufacturers, who then install the leather car seat covers onto manufactured car seats. The completely assembled car seats are subsequently supplied to a car manufacturer or assembler for installation onto the cars.

4. INFORMATION ON OUR GROUP (Cont'd)**(ii) Leather Car Seat Covers for PDI Market Segment**

We are principally involved in the styling, manufacturing, distribution and installation of leather car seat covers for PDI centres in Malaysia and Thailand. Our sales of leather car seat covers for the local PDI centres in Malaysia represented approximately RM14.74 million (23.72%), RM8.88 million (13.43%), RM10.57 million (10.62%), RM12.23 million (9.44%) and RM8.23 million (14.62%) of our Group's total revenue for the FYE 2012, FYE 2013, FYE 2014, FYE 2015 and FPE 2015 respectively whilst our sales of leather car seat covers for the PDI centres in Thailand represented approximately RM0.99 million (1.0%) and RM0.24 million (0.19%) of our Group's total revenue for the FYE 2014 and FYE 2015 respectively. Please refer to Sections 8.4.2.1.2 and 8.4.2.1.4 of this Prospectus for further details. We penetrated the Thailand market during the FYE 2014 and serve the PDI centres in Thailand directly from our Malaysian operations.

Our clients in the PDI market segment consider restyling of car interior and changing fabric car seat upholstery with leather in order to enhance the value of a car model and promote sales. Such restyling may be required at different stages of a car model lifecycle. At the launching stage of a car model, leather interior is used to emphasise exclusivity of the batch being introduced to the market. At the mature and/or declining stage of a product life cycle, restyling of car interior is used for stock clearance prior to the introduction of a new car model and for special/ limited edition car models.

Our innovative Smart Fit product enables the change of fabric car upholstery to leather without the necessity to dismantle the car seats, stripping off original fabric seat cover or apply any physical alternation of the original fabric installed onto the car seats, as the installation of Smart Fit can be conducted within the car.

(iii) Car Seat Covers for REM Market Segment

We are involved in the styling, manufacturing and distribution of car seat covers for end users in REM market segment in Malaysia as well as overseas markets. We also offer installation services for the REM market segment in Malaysia.

We offer two (2) different types of leather car seat covers, namely conventional OE leather car seat covers and Quick Fit car seat covers for the REM market segment.

In Malaysia, we supply and install OE leather car seat covers to car showrooms/ sales agents for the REM market segment. OE leather car seat covers requires dismantling of a car seat from the car and subsequent reinstallation onto the car after the assembly of the leather car seat cover.

For export sales, we sell our products via our distribution partners and the installation will be conducted by our distribution partners.

Our Quick Fit car seat covers target mass market and can be easily installed by end users. Quick Fit car seat covers are available to the end users via retailers and car accessory shops.

4. INFORMATION ON OUR GROUP (Cont'd)

(b) Leather Cut Pieces Supply for OEM Market Segment

We are involved in the supply of leather cut pieces instead of complete car seat covers to our clients in OEM market segment, when required. We produce leather cut pieces according to the templates provided by the client. The client (or a third party sewing service provider) will then sew the supplied leather cut pieces together to produce car seat covers.

Depending on the client requirements, the production process of leather cut pieces may involve the following:-

- We purchase leather cut pieces from suppliers and perform sub-processes, such as laminating and/or trimming, and supply the leather cut pieces to the client; or
- We purchase leather hides from suppliers and perform sub-processes, including cutting, laminating and/or trimming, and supply the leather cut pieces to the client.

Our business in the supply of leather cut pieces is an ancillary supporting business provided to our existing clientele as our core business is concentrated in the manufacturing and supply of leather car seat covers. The production process for this business activity involve part of our normal operating cycle as it involves the selection and supply of leather, cutting and trimming process without involving any sewing process resulting in low value added and margin contribution to our Group. The supply of leather cut pieces is to support our existing customers who have constraints in the procurement of leather in terms of the requirement to fulfil minimum order quantity, consistency in quality of leather from reliable supplier based on competitive pricing due to low volume in demand for specific car model. The lack of know-how in the selection of leather in order to maximise the utilisation of the leather during the cutting process coupled with the constraints in the leather cutting capacity of our existing customers further contributed to the growth of this business segment for our Group.

Further, the supply of leather cut pieces to our existing customers is only for the car models or variants that our Group does not supply the leather car seat covers. It is a normal practice in the industry for car manufacturers to appoint a vendor for the supply of leather car seat covers for a specific car model or variant instead of multiple vendors for the same car model or variant. This is to ease the process of tracing and identifying the source of the supply of leather car seat covers when there are claims or complaints pertaining to qualities of leather car seat covers based on after-sales warranties.

Our supply of leather cut pieces is to our existing customers who are either car manufacturers or the Tier 1 car seat manufacturers. In addition to manufacturing the car seats, all the Tier 1 car seat manufacturers operate their own sewing line for the supply of fabric car seat covers which command higher demand as compared to the leather car seat covers. The manufacturing process of fabric car seat covers is less complicated as the main material comprises of fabric instead of leather hide which is subject to defects and dependent on the skill set in the process of selecting the leather hides. The high volume in demand for fabric car seat covers enables the Tier 1 car seat manufacturers to achieve economies of scale as well as to price the supply of fabric car seats competitively with the provision of a complete package to the car manufacturers with the supply of complete car seats which is inclusive of fabric car seat covers.

4. INFORMATION ON OUR GROUP (Cont'd)

The demand for leather car seat covers are lower as compared to fabric car seat covers as leather car seat covers are more expensive being a premium product. Due to the complexity in the manufacturing of leather car covers and lower volume, most Tier 1 car seat manufacturers will outsource the supply of leather car seat covers to third parties. Further, most car manufacturers will dictate the appointment of the vendor(s) for the supply of the leather car seat covers due to the stringent quality and safety requirements associated with the supply of this product which caters for the premium car models or variants.

As such, save for selected car models of Toyota and Mitsubishi for which we supply the leather cut pieces, most car manufacturers or Tier 1 car seat manufacturers in Malaysia do not operate their own leather car seat covers division as they will not be able to achieve economies of scale in supplying the leather car seat covers for their internal consumption only without supplying to external customers. Our supply of leather cut pieces to our existing customers who are either car manufacturers or the Tier 1 car seat manufacturers is to support these customers when they are facing constraints and/or lack of expertise in certain areas as explained above. As such, our customers for the supply of leather cut pieces will not be the competitors to our Group for the supply of leather car seat covers.

4.5.1.2 Other Business Activities

Our other business activities include the styling, manufacturing, distribution and installation of car door trim covers and covers for car accessories, the provision of wrapping and stitching services, the provision of sewing services for fabric car seat covers and the supply of raw materials related to the automotive upholstery industry.

(a) Car Door Trim Covers for OEM, PDI and REM Market Segments

We are involved in the styling, manufacturing, distribution of car door trim covers for OEM, PDI and REM market segments. We also provide installation services for the clients in PDI market segment.

We offer our innovative Smart Fit car door trim covers to our clients in PDI market segment. Smart Fit car door trim cover can be closely fitted onto a car interior without dismantling the car door trim from a car or resulting in any alternation to the original fabric installed on it.

(b) Other Car Accessory Covers for OEM, PDI and REM Market Segments

We are involved in the styling, manufacturing, distribution and installation of leather upholstery for car accessories, such as steering wheels, gearshift knobs, handbrake levers, operating manual books and console boxes for OEM, PDI and REM market segments. We also provide installation services for the clients in PDI market segment.

(c) Sewing Services for Fabric Car Seat Covers for OEM Market Segment

We are involved in the provision of sewing services to the Tier 1 car seat manufacturers. The client supplies cut pieces, such as fabric and accessory parts, and we are responsible for sewing the cut pieces onto a car seat cover and providing the final product to the client for installation. This activity is regarded as a support service provided to our Tier 1 car seat manufacturer customers to alleviate their capacity constraint in the event of sudden demand surge of selective models.

4. INFORMATION ON OUR GROUP (Cont'd)

(d) Wrapping and Stitching Services

We are involved in the provision of supportive services to our clients, such as wrapping and stitching services for door trims, steering wheels, gear knobs, brake levers and console boxes. We produce leather and/or PVC cut pieces and wrap them around these car accessories. We also provide the services of stitching for steering wheel, gearshift knob and handbrake lever covers which are performed with double or single needle stitch according to client's requirements.

(e) Supply of Raw Materials

We are involved in the supply of raw materials, such as leather hides, PVC, foam and plastic parts for car seat covers. We supply raw materials to our clients in REM export market segment. The raw materials are usually required in order to support sewing of replacement parts due to wear and tear, and warranty claims.

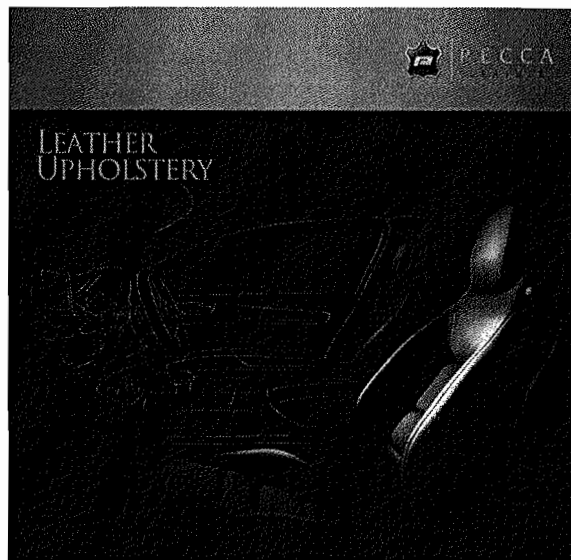
4.5.2 Principal Products and Services

Our product portfolio mainly comprises of leather upholstery for car seats and accessory covers for the OEM, PDI and REM market segments. We also provide sewing services of fabric car seat covers and accessory covers for our clients in the OEM market segment.

4.5.2.1 Car Seat Covers

We offer OE Fit leather car seat cover for OEM market segment, Smart Fit leather car seat cover for PDI market segment as well as OE leather car seat cover and Quick Fit car seat cover for REM market segment.

(a) OE Fit Leather Car Seat Cover

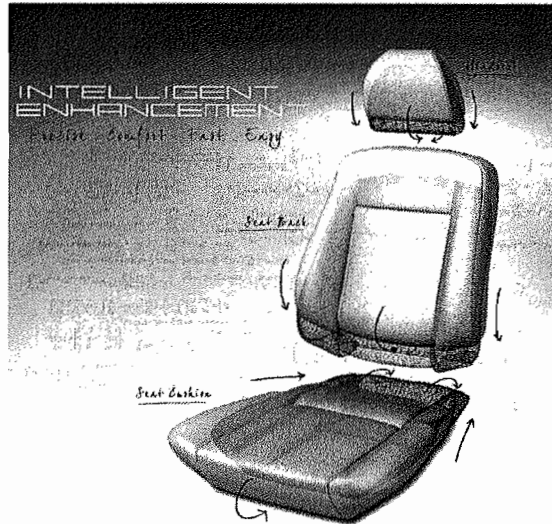


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4. INFORMATION ON OUR GROUP (Cont'd)

Under the OE Fit product line, our car manufacturer clients provide the specification, such as the design, seat profile and combination of materials configuration (leather, PVC and carpet). Depending on the car model, car seats are designed in many varying forms, shapes and sizes. We have the expertise to manufacture leather car seat covers in various sizes and specifications to meet the client's requirements and specifications. We supply our products to Tier 1 car seat manufacturers, who then install the leather car seat covers onto manufactured car seats. The completely assembled car seats are subsequently supplied to a car manufacturer or assembler for installation onto the cars.

(b) Smart Fit Leather Car Seat Cover



Smart Fit is a patented leather car seat cover product, which presents an innovative method for attaching a leather car seat cover closely onto a car seat. Smart Fit has been developed specifically for the PDI market segment. Smart Fit leather car seat cover can be directly installed on car seat that is already equipped with original fabric seat cover, while providing comparable physical appearance (fitment) and comfort (firmness) to OE fitted leather car seats. Smart Fit is a simple and convenient method for attaching a leather car seat cover. It allows interchangeability of various designs for leather car seat covers to accommodate different lifestyles and preferences of the end users.

Our Smart Fit product is developed based on model specific concept in order to achieve good fitment. Our Smart Fit product is differentiated from those in the market based on the method adopted to install the leather car seat cover. Most of the leather seat covers in the market are manufactured to fit most of the standard sized car seats and are loosely fitted as the leather car seat covers are not produced based on model specific as opposed to our Smart Fit product. Further, for the model specific leather car seat covers produced by the other manufacturers, the mechanism used for the installation of the leather car seat covers is based on the usage of rope to tighten for the purpose of fitment whereas the installation of our Smart Fit product is based on the Pull Belt System and Velcro Installation.

4. INFORMATION ON OUR GROUP (Cont'd)

Conventionally, installation of leather car seat cover onto a car seat, which is originally equipped with fabric car seat cover, required dismantling of the seat and stripping the fabric car seat cover. Smart Fit car seat covers are installed within a car without dismantling seats, thus requiring less manpower and time for installation. In addition, the original fabric is kept pristine. Our Smart Fit product also reduces the risk of damaging fragile parts of car interior during installation of the leather car seat covers. Thus, Smart Fit enhances the value of cars which can subsequently be marketed as a premium variant. Our Smart Fit product is also in compliance with OEM quality and safety specifications. Smart Fit can be customised with various styling and material combination options available.

Smart Fit consists of two (2) components, which are the cover for seat back and cover for seat cushion. The design and specialised sewing technique coupled with Pull Belt System and Velcro Installation of Smart Fit car seat cover enables it to pass airbag deployment tests.

The airbag deployment tests conducted by our Group for the Smart Fit products over the years are as set out below:-

Year	Car Model	Certifying Body for Compliance with Airbag Deployment	Country
2009	Toyota Corolla (passenger seat)	MGA Research Corporation	USA
2010	Toyota Corolla (driver seat)	MGA Research Corporation	USA
2011	Nissan Serena (driver seat)	Johnson Controls Inc., Japan	Japan
2012	Honda CRV (driver seat)	Autoliv Hirotako Sdn Bhd	Malaysia

The airbag deployment test for Smart Fit car seat cover is only conducted for car models with car seats that were equipped with airbags.

The patents for Smart Fit have already been granted in Taiwan, Indonesia, Australia, Malaysia and Thailand (granted as utility model for ten (10) years) as detailed in Section 4.14.2(b)(i) of this Prospectus.

(c) Quick Fit Car Seat Cover



4. INFORMATION ON OUR GROUP (Cont'd)

Quick Fit is a patented car seat cover product, which presents an interchangeable car seat cover. Quick Fit car seat cover can be easily and quickly fitted onto a car seat. Quick Fit car seat cover does not destroy original fabric of the car seat. Quick Fit car seat covers can be installed without the need to dismantle seats and/or door panels, thus requires less manpower and time for installation. Our Quick Fit product also reduces the risk of damaging fragile parts of car interior during installation of the leather car seat covers.

Our Quick Fit product is also developed based on model specific concept in order to achieve good fitment similar to our Smart Fit product as detailed in Section 4.5.2.1(b) of this Prospectus.

Quick Fit car seat covers can be of various designs. It can be customised to accommodate different lifestyles and preferences for the end users and to provide a close fit for comfort and appearance. Quick Fit car seat covers consists of a single component for seat back and seat cushion and is installed on car seats with fabric seat cover. Quick Fit car seat covers of standard specifications are fully made of PVC material and thus, meeting the demands of mass market due to relatively lower costs compared to leather car seat covers. Quick Fit car seat covers are available to the end users via car accessories and retail shops.

The patent for Quick Fit has been registered in Malaysia as detailed in Section 4.14.2(b)(i) of this Prospectus.

(d) OE Leather Car Seat Covers for REM Market Segment

Our OE leather car seat covers for REM market segment are supplied to end users through referrals from car sales agents for new car models. For reconditioned car models, we supply OE leather car seat covers directly to the car show rooms. Our products are installed on car seats that require replacement for leather car seat covers. In order to replace the original cover with leather car seat cover, the seats are dismantled from the car and the original cover is stripped. After the leather car seat cover is installed, the seats are reinstalled into the car. All the installations for OE leather car seat covers under REM market segment are conducted directly by us. We supply OE leather car seat covers to both Malaysian and overseas markets.

4.5.2.2 Leather Cut Pieces

We cut leather according to the templates provided by the clients and perform sub-processes, such as laminating and trimming, if required. Then, we supply leather cut pieces to the clients, who are either the car manufacturers or the Tier 1 car seat manufacturers.

4.5.2.3 Other Products and Services

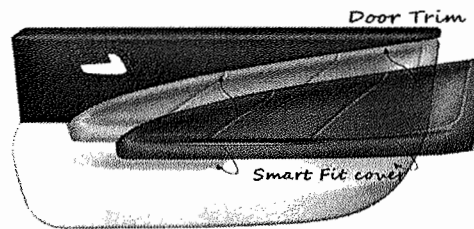
The following products and services provides additional revenue stream for our Group.

(a) Door Trim Covers and Other Car Accessory Covers for OEM, PDI and REM Market Segments

We manufacture car door trim covers and leather upholstery for car accessories, such as steering wheel, gear knob, handbrake lever, operating manual book and console box.

4. INFORMATION ON OUR GROUP (Cont'd)

Smart Fit Car Door Trim Cover



Our patented Smart Fit product for PDI market segment is an innovative method for the production and subsequent installation of an interchangeable car interior lining, such as car door trim covers. Conventionally, the installation of car door trim covers requires dismantling of the car door trim from a car. Upon the installation of leather and/or PVC cover onto the car door trim, it can be reconfigured back into the car. This process is time-consuming and requires the employment of highly skilled labour.

Our Smart Fit product is an innovative method for car door trim cover installation, which can be closely fitted onto a car interior without dismantling a car door trim from a car or resulting in any alternation to the original fabric installed on it. Our Smart Fit product for car door trim covers allows easy, convenient and time-efficient assembly of it onto a car interior. It is interchangeable and thus allows various designs of car door trims covers to be assembled onto a car interior.

The patent for Smart Fit door trim cover has been granted in Malaysia as detailed in Section 4.14.2(a)(i) of this Prospectus.

(b) Sewing Services for Fabric Car Seat Covers

We provide sewing services for fabric car seat covers as supportive services for Tier 1 car seat manufacturers. Upon completion, the final product is delivered to the client for installation.

(c) Wrapping and Stitching Services

We provide wrapping services for car door trims and covers for car accessories, such as steering wheel, gearshift knob, handbrake lever and console box as well as stitching services for covers for car accessories, such as steering wheel, gearshift knob and handbrake lever. We provide wrapping and stitching services as supportive services to our clients.

(d) Supply of Raw Material

We supply raw materials for car seat covers and for the production of accessory covers as a supportive service to our clients for the REM export market.

4.5.3 Principal Markets for Products and Services

Our products and services are marketed both in the Malaysian and overseas markets. In Malaysia, our products are catered to the OEM, PDI and REM market segments, whereas our export-designated sales are from our products for the PDI and REM segments. The majority of our export sales are denominated in USD, EUR, SGD and AUD.

4. INFORMATION ON OUR GROUP (Cont'd)

Our revenue breakdown for Malaysia and overseas markets for the past four (4) FYE 2012 to FYE 2015 and FPE 2015 are as follows:-

Segment	Revenue									
	FYE 2012		FYE 2013		FYE 2014		FYE 2015		FPE 2015	
	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%
Malaysia	46,835	75.39	53,805	81.40	81,498	81.87	117,024	90.34	49,916	88.71
Overseas	15,292	24.61	12,295	18.60	18,048	18.13	12,512	9.66	6,351	11.29
- Netherlands	6,393	10.29	4,523	6.84	5,146	5.17	4,040	3.12	2,177	3.87
- Australia	8	0.01	1,423	2.15	5,089	5.11	4,264	3.29	1,838	3.27
- Singapore	119	0.19	443	0.67	593	0.60	965	0.74	1,069	1.90
- USA	6,892	11.09	5,243	7.93	4,902	4.92	2,367	1.83	915	1.63
- New Zealand	338	0.55	426	0.65	504	0.51	423	0.33	211	0.37
- UK	30	0.05	58	0.09	137	0.14	133	0.10	73	0.13
- Mauritius	-	-	-	-	-	-	-	-	43	0.08
- Japan	1,512	2.43	179	0.27	143	0.14	80	0.06	25	0.04
- Thailand	-	-	-	-	992	1.00	240	0.19	-	-
- Indonesia	-	-	-	-	542	0.54	-	-	-	-
Total	62,127	100.00	66,100	100.00	99,546	100.00	129,536	100.00	56,267	100.00

Our principal business activities include the styling, manufacturing, distribution and installation of car seat covers and the supply of leather cut pieces. We are also involved in other business activities related to the automotive upholstery industry.

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4. INFORMATION ON OUR GROUP (Cont'd)

Our revenue breakdowns by business activity for the past four (4) FYE 2012 to FYE 2015 and FPE 2015 are as follows:-

Revenue Source	Revenue									
	FYE 2012		FYE 2013		FYE 2014		FYE 2015		FPE 2015	
	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%
Principal Business Activities										
<i>Car seat covers by market segment:-</i>										
- OEM (OE Fit)	29,212	47.02	35,919	54.34	53,456	53.70	84,991	65.61	31,095	55.26
- REM (OE Fit)	13,701	22.05	13,274	20.08	18,003	18.09	15,029	11.60	7,879	14.00
- PDI (Smart Fit)	14,735	23.72	8,879	13.43	10,572	10.62	12,230	9.44	8,226	14.62
- REM (Quick Fit)	252	0.41	21	0.03	11	0.01	1	#	-	-
Leather cut pieces supply	-	-	1,399	2.12	9,833	9.88	12,735	9.83	6,871	12.21
Sub-total	57,900	93.20	59,492	90.00	91,875	92.30	124,986	96.48	54,071	96.09
Other Business Activities										
Door trim covers	1,900	3.06	2,486	3.76	1,699	1.70	2,176	1.68	663	1.18
Sewing services for fabric car seat covers (car pieces)	633	1.02	2,002	3.03	1,463	1.47	929	0.72	291	0.52
Manufacturing of leather and PVC car accessories covers and miscellaneous seat covers, the provision of wrapping and stitching services, and supply of raw material	1,694	2.72	2,120	3.21	4,509	4.53	1,445	1.12	1,242	2.21
Sub-total	4,227	6.80	6,608	10.00	7,671	7.70	4,550	3.52	2,196	3.91
Grand Total	62,127	100.00	66,100	100.00	99,546	100.00	129,536	100.00	56,267	100.00

Note:-

Negligible.

4.5.4 Modes of Marketing, Distribution and Sales**4.5.4.1 Marketing Strategies**

As at the LPD, we have fourteen (14) personnel in our Sales and Marketing Department, who are responsible for serving our existing clients as well as developing new customer base and to expand the export markets.

Our Group's principal marketing strategy is to provide high quality products at competitive prices.

Our website, <http://www.peccaleather.com>, has been set up to promote our Group and our products to the clients to facilitate them to search for the information about our Group and our products.

4. INFORMATION ON OUR GROUP (Cont'd)

Our Group's marketing and distribution activities for each market segment are as follows:-

(a) OEM Market and PDI Market Segments

We secure projects in OEM and PDI market segments through participation in tender bidding processes whereby we will be invited to submit RFQ and RFP for the bidding. Our Sales and Marketing team will work closely with the client to discuss on the client's requirements and specifications. For the PDI segment, our scope of service extends to the installation services at the client's site.

(b) REM Market Segment

Our Sales and Marketing team collects information on market requirements, market developments and competitors' products, and deals directly with the sales representatives to identify the targeted end users' requirements and expectations.

Currently, our Sales and Marketing team promotes our OE leather car seat covers to car showrooms and car sales personnel or dealers.

(c) Export Market

Apart from targeting local market, our Sales and Marketing team constantly seeks business opportunities overseas by liaising with the potential clients in PDI and REM market segments. Our personnel also attend meetings with our overseas clients in order to obtain feedbacks and explore further business opportunities.

We also gain business opportunities for export market through a stable of distribution network. Our selection of distribution partners for our overseas market is based on thorough evaluation process in order to establish mutual growth. The evaluation of our distributors is based on their capabilities to expand the distribution channels of our products, establishment of their respective local operations with competent staff to support the installation of our products and their financial capabilities. This is achieved by conducting field visits to understand their business operations where enquiries are made regarding their products for the respective car models and their existing customer base. The supply of car seat covers for REM market segment is undertaken by the distributor through the channel of car showrooms and/or PDI centres. Thus, the distributors have to adhere to stringent quality requirements and professional conduct in order to be qualified as a supplier to the PDI centres.

As at the LPD, we have thirteen (13) distribution partners, out of which eight (8) are in Australia. We also have one (1) distribution partner each in the Netherlands, the UK, USA, New Zealand and Singapore. Our distribution partner in Netherlands is Coöperatie Leder Inbouw Nederland U.A., which we have 5% equity interest as disclosed in note (a)(iii) in Section 7.1.2 of this Prospectus.

For the Australian market, we also have an online ordering system, where the customers can place their orders via our website.

4.5.4.2 Distribution Channels

Our sales for OEM and PDI market segments in Malaysia are generated through our OEM and PDI Sales and Marketing team. Within the REM market segment, sales of our OE leather car seat covers can be generated through our REM Sales and Marketing team or through our intermediaries, i.e. car showrooms and car sales personnel or dealers.

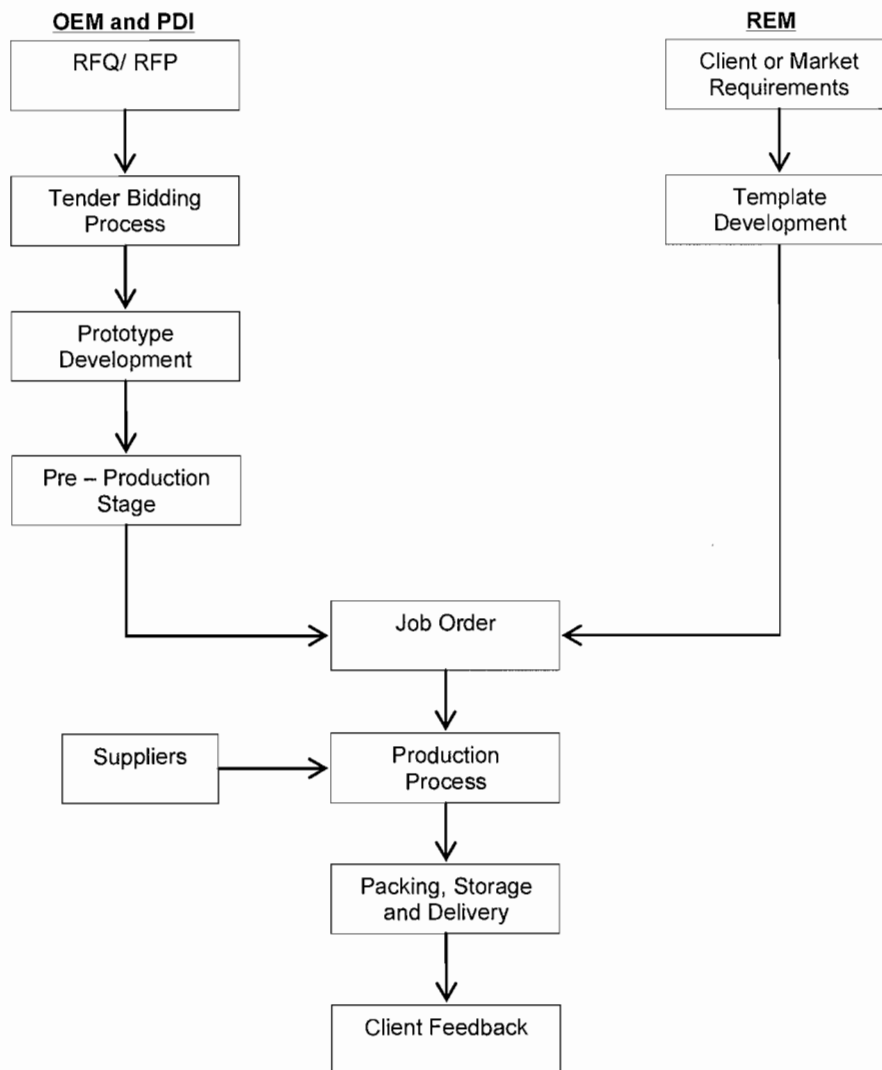
4. INFORMATION ON OUR GROUP (Cont'd)

Our overseas markets in Thailand and Indonesia which are concentrated in the PDI market segment are supported by our sales and marketing team whereas our overseas markets in Australia, Japan, New Zealand, Netherlands, USA, Singapore, UK and Mauritius which are concentrated in the REM market segment are primarily marketed by our distribution partners and agents in the respective countries.

4.6 PROCESS FLOW

Our principal business activities include manufacturing of car seat covers for OEM, PDI and REM market segments and the supply of leather cut pieces.

The overall process flow of project implementation is depicted in the following diagram:-



4.6.1 OEM and PDI

(a) RFQ and RFP

RFQ and RFP are the processes, where potential clients in OEM or PDI market segment invite us into a bidding process to bid for a project. We will evaluate the parameters and specifications of the project and conduct profitability studies.

4. INFORMATION ON OUR GROUP (Cont'd)

(b) Tender Bidding Process

Upon obtaining confirmation to participate in a bidding process, we will submit our quotations or business proposals to potential clients based on specifications and requirements of the project. If we are awarded the project, the client will provide a letter of intent or confirmation letter or via email to request for us to proceed with the development of car seat covers.

(c) Prototype Development

If the project is awarded to us, we will proceed to develop a prototype. Our R&D Department will create samples of car seat covers (prototype) based on clients' specifications. The prototype will be sent to the client for testing and installation. Upon confirmation of prototype by the client, we will prepare the necessary documentation for the client to sign off.

(d) Pre-Production Stage

During the pre-production stage, our R&D Department will conduct briefings for our Production and QA/QC Departments. Trial runs and final quality checks will be conducted before mass production. The client will issue a PO or BO prior to mass production.

4.6.2 REM**(a) Client or Market Requirements**

For OE leather car seat covers, a client in REM market segment usually requests for quotations, when required. We will conduct a profitability study and submit a quotation to the client for confirmation and approval.

For Quick Fit car seat covers, we will conduct market surveys and a feasibility study in order to identify market requirements and car models that we can potentially target.

(b) Template Development

The client will send us the complete set of original fabric stripped from car seats for template development. Our R&D Department will conduct checking and verification of the set of original fabric provided by the client, based on which a first template is created and sent to the client for fitment confirmation. If the fitment is confirmed, the client will sign off the necessary documentation and we will create a pattern code for the model. These pattern codes will be used for any subsequent orders.

4.6.3 Job Order

For OEM, mass production is based on one (1) month firm and three (3) months' production forecasts that are provided by the car manufacturers on a monthly basis.

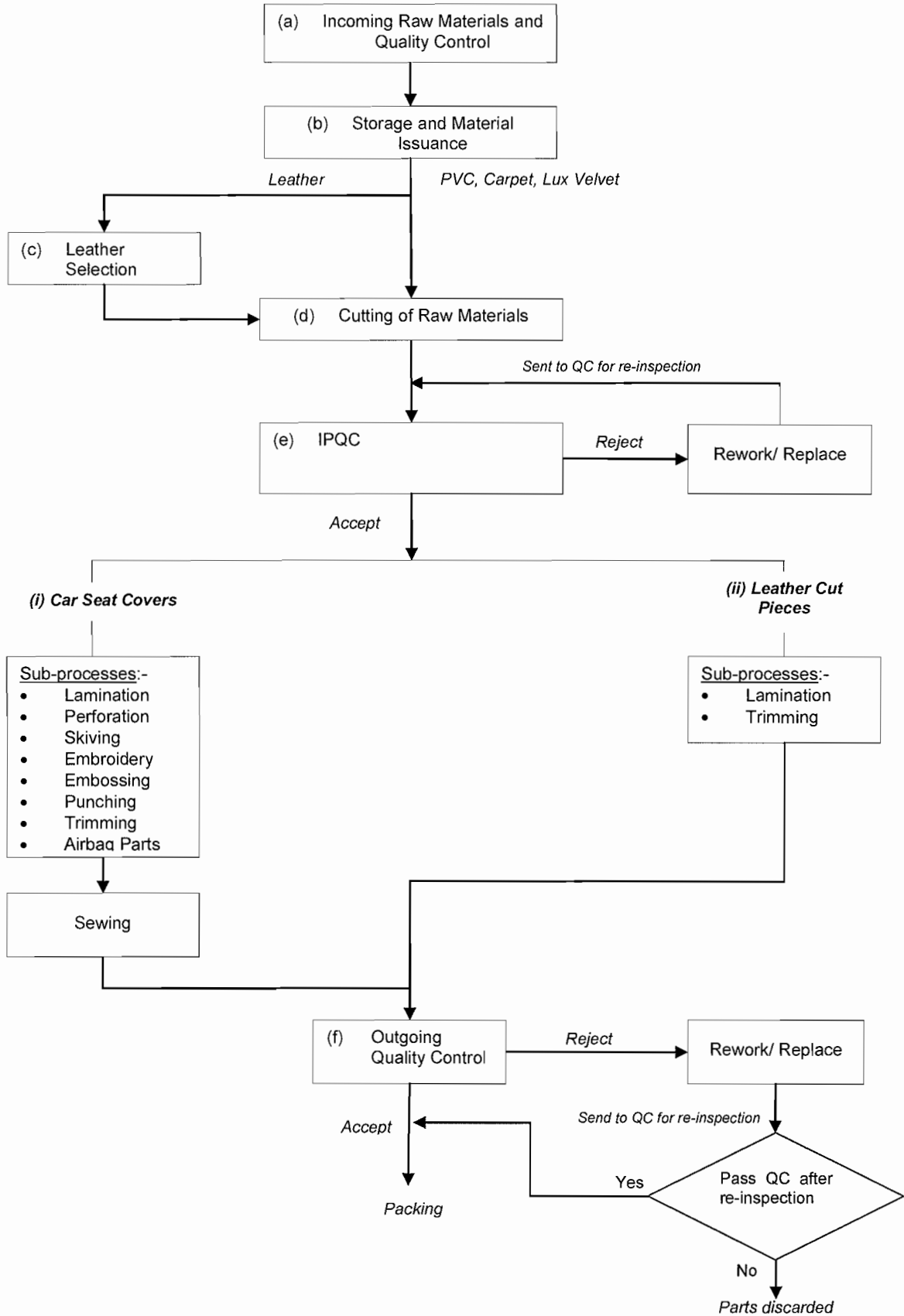
Once we receive PO and/or a production forecast from the client, our Sales and Marketing Department will issue a SO and inform our Planning Department. Our Planning Department will then issue a JO and verify with our Sales and Marketing Department. The approved JO will be sent to our Production Department for commencement of mass production.

For OEM customers, on average, we maintain three (3) days buffer stock as the delivery for OEM clients is based on daily orders or JIT approach.

4. INFORMATION ON OUR GROUP (Cont'd)

4.6.4 Production Process

Our production process is depicted in the following diagram:-



4. INFORMATION ON OUR GROUP (Cont'd)

(a) Incoming Raw Materials and Quality Control

We purchase raw materials, such as leather, PVC, plastic parts, foam and carpet from our approved suppliers. QA/QC Department will conduct stringent internal laboratory tests for incoming raw materials. Properties of leather hides, such as elongation break strength, flexing endurance, tear and tensile strength, dry and wet abrasion resistance, colour matching and taber abrasion test will be conducted to ensure the leather hides meet the client's specifications. We perform quality inspection in accordance with AQL 1.5 for all incoming raw materials to ensure the quality of raw materials. Our adoption of AQL 1.5 reflects our quality tolerance of not more than 1.5% defects in a batch of raw materials received. We will reject the whole batch of material received should the sampling result of the defective items is more than 1.5% of the said batch. Raw materials with defects will be returned to the supplier for replacement.

(b) Storage and Material Issuance

After inspection, raw materials will be delivered to the warehouse and transferred to designated areas according to specified location numbers and colour coding.

Based on the JO issued by our Planning Department, the specified quantity of raw materials will be delivered from the warehouse to the production plant. Accessories, such as zippers, hooks or plastic parts, will also be prepared based on the specifications and in accordance to the JO. Full pre-production quality inspection is conducted for leather, before it is sent to the Production Department.

(c) Leather Selection

After full pre-production quality inspection, leather will be sent for selection, where leather colour and surface appearance are checked and verified against the job pick list. During the defect checking, the parts of leather hides with defects, such as insect bites, line marks and scratches will be identified and marked with stickers.

(d) Cutting of Raw Materials

During the cutting process, raw materials will be cut according to templates by automated leather cutting machine or roller die cutting machine.

The automated leather cutting machine scans the leather hides, identifies defects and automatically adjusts the digitised template in order to avoid the parts of leather hides with defects and at the same time optimising the use of leather. Other raw materials such as PVC, fabrics and carpets which are used in producing our products are also cut using the automated PVC cutting machine which is capable of cutting multi layers of material at once as compared to the leather cutting machine which cut one layer at a time due to the requirement to scan the defect parts.

The roller die cutting machine requires manual nesting. A well-trained and skilful operator will be assigned to undertake the manual nesting.

(e) IPQC

After the cutting process, the raw materials are grouped according to their respective parts of the car seat covers and IPQC is conducted. We carry out quality inspection at various stages of production processes in order to ensure the quality of raw materials as well as the final products. Each stage of our manufacturing process is monitored by personnel from our QA/QC Department. If defects are identified, the materials will be reworked, if possible, or replaced with new materials.

4. INFORMATION ON OUR GROUP (Cont'd)

(i) Car Seat Covers

Depending on the client requirements and specifications, the following sub-process may be performed for the manufacturing of car seat covers:-

- Lamination

Lamination is the process of affixing a layer of foam to leather, PVC or lux velvet cut pieces. Foam is selected based on required thickness and cut according to templates. Leather, PVC or lux velvet cut pieces will be trimmed and/or laminated together with foam by lamination machine.

- Perforation

During the perforation process, a series of holes will be produced on the leather, PVC or lux velvet cut pieces by perforation machine, if required.

- Skiving

During the skiving process, the edges of the leather and PVC cut pieces are pared to reduce the thickness, if required.

- Embroidery

Embroidery is the process of decorating materials with needle by embroidery machine. If required, leather or PVC cut pieces can be embroidered with a car logo or other graphic marks based on the client's requirements.

- Embossing

According to the templates, leather or PVC cut pieces will be embossed by an emboss machine, if required.

- Punching

If required, the materials will be sent for punching process.

- Trimming

Leather or PVC cut pieces are sewed and trimmed with foam by trimming machine.

- Airbag Parts Sewing

For car seats equipped with airbag, the relevant cut pieces of the airbag parts are sewed with airbag thread using an airbag sewing machine. Airbag tag logo is produced and attached together with car seat cover for identification purposes.

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4. INFORMATION ON OUR GROUP (Cont'd)

- Sewing

Prior to every working shift, we will perform one (1) trial manufacturing cycle on the first piece of production to ensure the correctness of machine set-up and product measurement. The first fully complete car seat cover has to be checked and approved by the QA/AC Department before the full scale sewing process is initiated.

During the sewing process, the prepared parts of car seat cover are joined together to make a complete car seat cover. Car seat cover designed for a car seat with installed airbag is also sewed with airbag sewing machine.

(ii) Leather Cut Pieces Supply

Depending on the client requirements and specifications, the following sub-process may be performed for leather cut pieces:-

- Lamination

Lamination is the process of affixing a layer of foam to leather, PVC or lux velvet cut pieces. Foam is selected based on required thickness and cut according to templates. Leather, PVC or lux velvet cut pieces will be trimmed and/or laminated together with foam by lamination machine.

- Trimming

Leather or PVC cut pieces are sewed and trimmed with foam by trimming machine.

(f) Outgoing Quality Control

Our QA/QC Department conducts final inspection on all finished products to ensure that the client's specifications are met. Finished products that do not meet the client's specifications will go through the rework process and re-route for repeated final inspection. Finished products that meet specification requirements are sent for packing and then to the warehouse. The products which cannot be reworked will be discarded.

4.6.5 Packing, Storage and Delivery

The finished products approved by the QA/QC Department are packed according to the packaging requirements specified by the client and stored in our warehouse before delivery. Our Logistic Department is responsible for timely delivery of our products. We may also provide support on installation of seat covers in accordance with clients' requirements.

4.6.6 Client Feedback

Our quality objective is to achieve the customers' satisfaction level of at least 80%. Therefore, client's feedback is always evaluated and incorporated in order to enable us to attain better customer satisfaction.

4. INFORMATION ON OUR GROUP (Cont'd)

4.7 QUALITY ASSURANCE AND CONTROL PROCEDURES

Our Group is committed to consistently maintain high quality of our products and services in accordance with our quality policy. Our dedication in ensuring customers' satisfaction impels us to continually progress and improve. Stringent checks are conducted during all stages of our production process from leather selection to packing and delivery to the client. Our quality control planning encompasses identifying quality requirements, quality procedures and acceptance criteria for our products.

4.7.1 Compliance with International Standards

Significant emphasis is placed on adoption of quality standards and controls within our business operations in accordance with international standards in order for us to deliver products according to our clients' specifications and requirements.

We are an ISO/TS 16949:2009 certified manufacturer. ISO/TS 16949:2009 defined as the QMS requirements for the design, development, production, installation and service of automotive-related products. We implement our quality standards through the provision of high quality products, commitment towards customers' satisfaction and assurance of continuous improvements. The certifying body, TUV NORD, conducts annual compulsory surveillance audits to ensure that we continuously meet quality standard requirements.

Strict quality control ensures that we produce only the best quality products in terms of meeting product specification and good fitment requirement of our clients, as well as minimise the potential warranty claim due to quality issues from the customers. Stringent checks are conducted during all stages of leather selection, production, packing and delivery.

We also conduct an annual process audit in accordance with the VDA 6.3 standard to evaluate, analyse and enhance controls in the manufacturing processes. The qualification and compliance to VDA 6.3 standard is a pre-requisite qualifying condition for us to be an approved vendor for the Volkswagen Group. The scope of the process audit covers the entire product life cycle processes in the automotive industry. Presently, we have two (2) certified VDA 6.3 process auditors.

We also obtained ISO 14001:2004 and OHSAS 18001:2007 certifications in 2013. ISO 14001:2004 requires an organisation to set up an effective environmental management system and to measure and improve its impact on the environment. OHSAS 18001:2007 requires the organisation to commit to prevent occupational ill health and injury at the work place.

The certifying bodies, TUV NORD and Bureau Veritas, conduct compulsory surveillance audits annually to ensure that we continuously meet the quality standards requirements.

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4. INFORMATION ON OUR GROUP (Cont'd)

The details of our Group's certifications are as follows:-

Company	Standard	Activity	Issuing Party	Validity Period
PLeather	ISO/TS 16949:2009	Manufacturing of leather and synthetic leather seat cover and interior finishing	TUV NORD	10.06.2015 to 09.06.2018
PLeather	ISO 14001:2004	Manufacturing of leather and synthetic leather seat cover and interior finishing for automotive industries	Bureau Veritas	20.05.2013 to 19.05.2016
PLeather	OHSAS 18001:2007	Manufacturing of leather and synthetic leather seat cover and interior finishing for automotive industries	Bureau Veritas	20.05.2013 to 19.05.2016

4.7.2 Quality of Incoming Raw Materials

We purchase raw materials from our approved suppliers, who are subject to constant evaluation. We use only high quality leather mainly from reputable tanneries, which adopt environmentally-friendly tanning methods and conduct stringent quality inspection.

Upon the delivery of the materials, our QA/QC Department will also conduct internal laboratory test in accordance with AQL 1.5 for incoming raw materials to ensure that only high quality materials are used in production.

We have developed test procedures to ensure that the colour, flexing endurance, tensile strengths, colour fastness and abrasion resistance of our leather car seat covers, meet the requirements and specifications of our clients. Raw materials that are accepted by the QA/QC Department are marked with green stickers. Raw materials with defects will be marked with red stickers and returned to the supplier for a replacement.

4.7.3 IPQC

We perform QA/QC procedures at various stages of the production process. Every order is followed up closely from pre-production to post-delivery to achieve zero communication error and product defect. IPQC and monitoring are performed in order to ensure the conformance of materials and parts to the customer's requirements. We have implemented a SPC method to monitor and control quality during the manufacturing process on a real time basis.

As a quality control measure, our clients may also conduct scheduled product and process audits at our manufacturing plant in order to independently verify our strict adherence to the approved manufacturing process and ensure that the quality of materials used conform to the client's specifications.

4.7.4 Outgoing Quality Control

Our QA/QC Department conducts final inspection of all finished products to ensure that the client's specifications are met. The final inspection is performed in order to ensure the quality of finished products prior to delivery to our client.

4. INFORMATION ON OUR GROUP (Cont'd)

4.8 R&D POLICIES

We place strong emphasis on R&D activities to ensure quality of our products and continuous product development and enhancement. R&D activities are undertaken under the leadership of Sam Chee Keng, our Executive Director and Liew Yoon Fatt, our Chief Operating Officer.

4.8.1 Prototype Development

Our business focuses on leather car seat covers for different clients in the respective market segments. The product specifications are provided to us based on car model and car seat design. Based on the product specifications, our R&D Department develops prototypes prior to commencement of mass production of new car seat cover models in OEM and PDI market segments. R&D on prototype development is essential for the manufacturing of our new product models. Prototypes of new product models are created using hard cardboard. Once the prototype is confirmed, we will create a digitised pattern code for the model. The pattern coded prototypes will be used for the production of any subsequent orders. Mass production of a specific product model commences only after receipt of customer confirmation on the final prototype.

Our R&D Department also develops templates for car seat covers in REM market segment. The templates are usually based on the original design of the fabric car seat covers.

4.8.2 R&D Expenditure

The amount spent on R&D activities as a percentage of revenue for the past four (4) FYE 2012 to FYE 2015 and FPE 2015 is as follows:-

R&D Expenses	FYE 2012 (RM'000)	FYE 2013 (RM'000)	FYE 2014 (RM'000)	FYE 2015 (RM'000)	FPE 2015 (RM'000)
R&D salaries	1,273	1,264	1,489	1,801	637
R&D expenses	151	126	234	294	150
Total R&D expenditure	1,424	1,390	1,723	2,095	787
Total R&D expenditure as a percentage of total revenue (%)	2.29	2.10	1.73	1.62	1.40

4.9 TECHNOLOGIES

We utilise sewing, pressing, embossing and perforation machines as well as fully-automated cutting press for our production. Over the years, we have a selection of equipment consisting of models and brands which are reliable and efficient.

A portion of our production machinery utilises CNC technology that enables the computerised programming of machinery settings for varying product models. CNC machines have built-in computers which facilitate precision and accuracy in production, and minimises manual input and the possibility of errors and defects.

4.10 RAW MATERIALS

The key raw materials used for manufacturing of our products include leather hides, PVC, plastic parts, foam and carpet. The majority of our imported raw material purchases are denominated in USD.

4. INFORMATION ON OUR GROUP (Cont'd)

The key raw materials and the respective sources of supplies for the past four (4) FYE 2012 to FYE 2015 and FPE 2015 are as follows:-

Supply	Description	Cost of Raw Materials Consumed										Source of Supply
		FYE 2012		FYE 2013		FYE 2014		FYE 2015		FPE 2015		
		(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%	
Leather#	Leather is a flexible material created by the tanning of cow hides and is used for production of leather car seats and accessory covers	21,934	68.43	21,954	68.30	41,542	75.05	56,132	75.25	26,396	76.54	Italy, Uruguay, Malaysia, Thailand
PVC	PVC is used to create leather-like but more cost effective material for car seats and accessory covers	4,447	13.87	4,446	13.83	6,508	11.76	7,243	9.71	2,941	8.53	Malaysia, China
Plastic parts	Detachable plastic parts of a car seat cover that are sewed onto the car seat cover and enable the installation of the car seat cover onto the car seat structure by providing the hook on effect	1,442	4.50	1,249	3.89	2,651	4.79	3,251	4.36	1,021	2.96	Malaysia, Hong Kong
Foam	Foam is a lightweight form of rubber or plastic which is made by solidifying liquid foam. A layer of foam is attached onto the leather or PVC to provide firmness and comfort.	1,376	4.29	1,053	3.28	2,239	4.04	2,986	4.00	1,296	3.76	Malaysia
Carpet	Carpet is a thick textile covering that is used as a more cost effective alternative to leather and PVC. Carpet is used for less noticeable and/or hidden parts of a car seat cover and also provide sound insulation from noise produced from abrasion with other materials	487	1.52	509	1.58	481	0.87	756	1.01	549	1.59	Malaysia
Others	• Lamination materials (tricot, knitting and cloth)	682	2.13	769	2.39	442	0.80	2,008	2.69	1,247	3.61	Malaysia
	• Packing materials (carton box, label sticker and masking tape)	568	1.77	567	1.76	367	0.66	515	0.69	265	0.77	Malaysia
	• Zipper	285	0.89	272	0.85	267	0.48	461	0.62	182	0.53	Malaysia
	• Sewing thread	260	0.81	238	0.74	261	0.47	454	0.61	200	0.58	Malaysia
	• Chemicals (glue and turpentine)	284	0.89	279	0.87	209	0.38	402	0.54	172	0.50	Malaysia
	• Ornament and accessories	288	0.90	808	2.51	385	0.70	386	0.52	216	0.63	Malaysia
Subtotal for others		2,367	7.39	2,933	9.12	1,931	3.49	4,226	5.67	2,282	6.62	-
Total Cost of Raw Materials Consumed		32,053	100.00	32,144	100.00	55,352	100.00	74,594	100.00	34,485	100.00	-

Note:-

Including leather hides and pre-cut leather pieces.

4. INFORMATION ON OUR GROUP (Cont'd)**4.11 MAJOR SUPPLIERS**

The major suppliers who individually contributed 10.0% or more to our Group's total purchases for the past four (4) FYE 2012 to FYE 2015 and FPE 2015 are as follows:-

No.	Name of Supplier	Country of Origin of Supplier	Services Procured	Purchases										Approximate Length of Relationship (Years)
				FYE 2012		FYE 2013		FYE 2014		FYE 2015		FPE 2015		
				(RM'000)	# (%)	(RM'000)	# (%)	(RM'000)	# (%)	(RM'000)	# (%)	(RM'000)	# (%)	
1.	Toyota Tsusho (Malaysia) Sdn Bhd	Malaysia	Supply of leather hides, leather cut pieces and PVC	-	-	-	-	-	-	16,414	19.98	13,097	41.26	2
2.	Zendaleather S.A.	Uruguay	Supply of leather hides	-	-	-	-	-	-	27,141	33.04	9,118	28.73	2
3.	Industria Conciaria Europa SPA	Italy	Supply of leather hides	50	0.15	-	-	27	0.05	3,234	3.94	3,636	11.46	6
4.	Scientex Industries Group Sdn Bhd	Malaysia	Supply of PVC	4,277	12.74	4,205	13.16	5,191	8.83	5,863	7.14	1,812	5.71	9
5.	Conceria Pasubio Spa	Italy	Supply of leather hides	21,847	65.07	20,338	63.66	34,444	58.59	20,146	24.52	1,238	3.90	9
Sub-total				26,174	77.96	24,543	76.82	39,662	67.47	72,798	88.62	28,901	91.06	
Total purchases of our Group				33,575	100.00	31,949	100.00	58,785	100.00	82,147	100.00	31,739	100.00	

Note:-

Percentage of total purchases of the Group for the respective financial years/ period.

Toyota Tsusho (Malaysia) Sdn Bhd was our major supplier for the FPE 2015 and accounted for approximately 41.26% of our Group's total purchases. Toyota Tsusho (Malaysia) Sdn Bhd is a trading company responsible for the purchase of leather for selected models of cars manufactured by Toyota, namely Camry and Hilux from Toyota's nominated suppliers.

Zendaleather S.A. was our major supplier for the leather hides for the FYE 2015 and FPE 2015 and accounted for approximately 33.04% and 28.73% of our Group's total purchases respectively replacing Conceria Pasubio Spa who was our major supplier for leather hides, which accounted for approximately 65.07%, 63.66% and 58.59% of our Group's total purchases for the past three (3) FYE 2012, FYE 2013 and FYE 2014 respectively. Please refer to note (2) in Section 2.7(a) of this Prospectus for further details.

Although we are highly dependent on imports of leather and leather hides, we have not encountered any major shortages of supplies. In order to mitigate the reliance on a single supplier, we have established vendor development programmes and a list of our approved suppliers.

4. INFORMATION ON OUR GROUP (Cont'd)

The purchases of our major raw materials, such as leather, PVC and plastic parts may differ in accordance with our clients' requirements and specifications. Hence, we have to develop different specifications with our suppliers for selected contracts. Our Group has established vendor development programmes in order to ensure that our suppliers meet our specifications and standards in supplying the raw materials to our Group. For the main raw material such as leather and PVC, our vendor development programmes involve the joint studies and development of the leather specifications, which meet the requirements of our customers in terms of grain, glossiness and endurance level. All the raw materials developed will need to be lab tested to ensure compliance with the specifications set.

In view of the above, we are able to procure the supply of high quality leather hides at reasonable prices from other vendors, if such need arises.

Please refer to Section 3.2.5 of this Prospectus addressing the risk associated with our dependency on our suppliers for the supply of the raw materials and components.

4.12 MAJOR CUSTOMERS

The major customers who individually contributed 10.0% or more to the revenue of our Group for the past four (4) FYE 2012 to FYE 2015 and FPE 2015 are as follows:-

No.	Name of Customers	Car Models	Services Rendered	Revenue										Approximate Length of Relationship (Years)
				FYE 2012		FYE 2013		FYE 2014		FYE 2015		FPE 2015		
				(RM'000)	# (%)	(RM'000)	# (%)	(RM'000)	# (%)	(RM'000)	# (%)	(RM'000)	# (%)	
1.	Toyota Boshoku UMW Sdn Bhd	Toyota - Vios, Camry, Fortuner and Hilux	Manufacturing and supply of OE Fit leather car seat covers and supply of leather cut pieces	38	0.06	1,430	2.16	16,847	16.92	29,749	22.96	19,318	34.33	4
2.	Fuji Seats (Malaysia) Sdn Bhd	Perodua - Alza, Viva, Myvi and Axia	Manufacturing and supply of OE Fit leather car seat covers	1,781	2.87	1,075	1.63	12,058	12.11	37,356	28.84	12,935	22.99	12
3.	Tan Chong & Sons Motor Company Sdn Bhd	Nissan - Serena, Grand Livina, Almera, X Gear, X Trail and Navara	Manufacturing and supply of OE Fit and Smart Fit leather car seat covers	1,395	2.25	5,923	8.96	7,133	7.17	9,718	7.50	7,011	12.46	9
4.	Lear Automotive Malaysia Sdn Bhd (formerly known as TS-Lear Automotive (M) Sdn Bhd)	Proton - Exora, Persona and Preve	Manufacturing and supply of OE Fit leather car seat covers	14,817	23.85	18,427	27.88	13,252	13.31	9,676	7.47	2,169	3.86	9

4. INFORMATION ON OUR GROUP (Cont'd)

No.	Name of Customers	Car Models	Services Rendered	Revenue										Approximate Length of Relationship (Years)
				FYE 2012		FYE 2013		FYE 2014		FYE 2015		FPE 2015		
				(RM'000)	# (%)	(RM'000)	# (%)	(RM'000)	# (%)	(RM'000)	# (%)	(RM'000)	# (%)	
5.	Auto Part Manufacturers Co. Sdn Bhd	Hyundai Santa Fe, Hyundai Elantra, Proton Satria Neo R3, Nissan Grand Livina and Proton Iriz	Manufacturing and supply of OE Fit leather car seat covers	3,432	5.52	7,477	11.31	8,965	9.01	9,115	7.04	1,013	1.80	6
6.	Mitsubishi Motors (M) Sdn Bhd	Mitsubishi ASX, Triton, Attrage, Lancer, Pajero, Mirage and Grandis	Manufacturing and supply of OE Fit leather car seat covers	7,101	11.43	4,065	6.15	8,781	8.82	8,972	6.93	1,398	2.48	6
7.	Perodua Sales Sdn Bhd	Perodua - Myvi, Alza and Viva	Manufacturing and supply of Smart Fit leather car seat and accessory covers	13,246	21.32	6,513	9.85	3,072	3.09	191	0.15	107	0.19	6
Sub-total				41,810	67.30	44,910	67.94	70,108	70.43	104,777	80.89	43,951	78.11	
Total revenue of our Group				62,127	100.00	66,100	100.00	99,546	100.00	129,536	100.00	56,267	100.00	

Over the past 15 years, we have built a strong market presence both locally and overseas. The majority of our revenue was generated from our local customers. None of our customer continuously contributed more than 10.0% to our revenue for the past four (4) FYE 2012 to FYE 2015 and FPE 2015.

Our Group has been enjoying cordial relationships with our major customers due to our capabilities to deliver high quality products and services. Therefore, our Group is not overly reliant on any single customer.

Please refer to Section 3.1.6 of this Prospectus addressing the risk associated with our dependency on our major customers from the OEM (OE Fit) market segment who are Tier 1 car seat manufacturers in Malaysia.

4.13 SEASONALITY

We do not experience any material seasonality or cyclical factors other than the general economic environment as our business operations are mainly project driven.

4.14 BRAND NAMES, TRADEMARKS, PATENTS, LICENCE AGREEMENTS AND OTHER INTELLECTUAL PROPERTY RIGHTS

As at the LPD, save for the following trademarks and patents which we are currently using in our day-to-day business, our Group does not presently hold or own any other brand names, trademarks, patents, licence agreements or other intellectual property rights.

4. INFORMATION ON OUR GROUP (Cont'd)

4.14.1 Trademarks








Our Group has not registered any trademarks with the Registrar of Trademarks, Intellectual Property Corporation of Malaysia.

All the trademarks set forth below are currently registered in the name of either MRZ or Seatcoverpro, the companies in which our Group Managing Director, Datuk Teoh Hwa Cheng and Executive Director, Datin Sam Yin Thing are the Directors and substantial shareholders.

On 24 December 2014, MRZ and Seatcoverpro have entered into Deeds of Assignment with PLeather respectively assigning and transferring all rights, titles and interests in respect of all the registered trademarks set forth below to PLeather. Please refer to Section 13.5 (b) and (c) of this Prospectus on the details of the Deeds of Assignment ("Trademarks Deeds of Assignment").

(a) Registered Trademarks of MRZ and Seatcoverpro

The following trademarks have been registered by MRZ and Seatcoverpro, and assigned and transferred to PLeather pursuant to the abovementioned Trademarks Deeds of Assignment:-

No.	Trademark	Registered Proprietor	Product	Country of Registration	Registration Number	Class	Effective Date	Expiry Date
1.		MRZ	Not applicable	Malaysia	2011014755	12 ^(a)	16.08.2011	16.08.2021
2.		MRZ	Not applicable	Malaysia	2011014756	18 ^(b)	16.08.2011	16.08.2021
3.		MRZ	OE Fit car seat cover	Malaysia	2012000244	12 ^(a)	06.01.2012	06.01.2022
4.		Seatcoverpro	Quick Fit car seat cover	Malaysia	2011014754	12 ^(a)	16.08.2011	16.08.2021
5.		Seatcoverpro	Quick Fit car seat cover	Malaysia	2011014757	12 ^(a)	16.08.2011	16.08.2021
6.		Seatcoverpro	Quick Fit car seat cover	Malaysia	2011014759	18 ^(b)	16.08.2011	16.08.2021
7.		Seatcoverpro	Quick Fit car seat cover	Singapore	T1114848C	12 ^(a)	21.10.2011	21.10.2021

4. INFORMATION ON OUR GROUP (Cont'd)

No.	Trademark	Registered Proprietor	Product	Country of Registration	Registration Number	Class	Effective Date	Expiry Date
8.		Seatcoverpro	Quick Fit car seat cover	Malaysia	2011018885	12 ^(a)	25.10.2011	25.10.2021
9.		Seatcoverpro	Quick Fit car seat cover	Thailand	848176	12 ^(a)	28.05.2012	27.05.2022
10.		Seatcoverpro	Quick Fit car seat cover	Japan	2012-041926 5538569	12 ^(a)	22.11.2012	22.11.2022
11.		Seatcoverpro	Smart Fit car seat cover	Japan	2012-099529 5586052	12 ^(a)	31.05.2013	31.05.2023
12.		Seatcoverpro	Quick Fit car seat cover	China	10991728	18 ^(b)	21.09.2013	20.09.2023





Notes:-

(a) Class 12 refers to international trademark classification for vehicles.

(b) Class 18 refers to trademark classification for goods made from leather and imitations of leather such as PVC.

(b) Trademarks of Seatcoverpro Pending Registration

Seatcoverpro has submitted the application to register the trademarks as set out below which are still pending as at the LPD. The said trademarks have been assigned and transferred to PLeather pursuant to the abovementioned Trademarks Deeds of Assignment:-

No.	Trademark	Registered Proprietor	Product	Country of Registration	Application Number	Class	Application Date	Status
1.		Seatcoverpro	Smart Fit car seat cover	Malaysia	2012000245	12 ^(a)	04.01.2012	Responded to opposition against filing on 14 October 2014 ^(b)
2.		Seatcoverpro	Quick Fit car seat cover	Indonesia	D002012023165 IDM000441318	12 ^(a)	16.05.2012	Awaiting the issuance of the certificate from the trademark office
3.		Seatcoverpro	Smart Fit car seat cover	China	11724325	12 ^(a)	09.11.2012	Awaiting development on notice of Assignment from the trademark office
4.		Seatcoverpro	Smart Fit car seat cover	Thailand	922320	12 ^(a)	25.12.2012	Awaiting development on notice of Assignment from the trademark office

4. INFORMATION ON OUR GROUP (Cont'd)

No.	Trademark	Registered Proprietor	Product	Country of Registration	Application Number	Class	Application Date	Status
5.		Seatcoverpro	Smart Fit car seat cover	Indonesia	D002013056598	12 ^(a)	27.11.2013	Awaiting development on notice of Assignment from the trademark office

Notes:-

- (a) Class 12 refers to international trademark classification for vehicles.
- (b) On 25 January 2013, RamRais & Partners had on behalf of Daimler AG (“Opponent”) filed a notice of opposition with the Registrar of Trade Marks Malaysia against the “SF SmartFit” trademark. In the notice of opposition, the Opponent claimed that the “SF SmartFit” trademark filed by Seatcoverpro is confusingly similar to “Smart” trademark filed/ registered by the Opponent in Malaysia under classes 7, 9, 12, 16, 36, 37, 39, 41, 42 and 43. Seatcoverpro has on the same day received the said notice.

Seatcoverpro responded to the opposition via a counter-statement on 19 June 2013 followed by a written submission filed with the Registrar of Trade Marks Malaysia on 14 October 2014. Subsequently, Seatcoverpro has sent emails and reminders to the Registrar of Trade Marks Malaysia on 4th June 2015 and 28 February 2016 respectively to follow-up on the matter. As at the LPD, Seatcoverpro is still waiting for a decision from the Registrar of Trade Marks Malaysia.

Please refer to Section 3.1.9 of this Prospectus for details of the risks in the event that our registration for the trademarks as tabulated in the abovementioned table are not successful.

4.14.2 Patents**(a) Patents of PLeather****(i) Registered Patents of PLeather**

The following patent has been registered by PLeather:-

No.	Patent	Proprietor	Product	Country of Registration	Certificate of Grant/ Patent Number	Effective Date	Expiry Date	Annuity Fee Paid Per Annum
1.	A method for producing an interchangeable vehicle interior lining vehicle seat cover	PLeather	Smart Fit door trim cover	Malaysia	PI2011001296	23.03.2011	23.03.2031	First annuity fee of RM816.20 due on 29 November 2016

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4. INFORMATION ON OUR GROUP (Cont'd)

(ii) Patents of PLeather Pending Registration

Our Group has applied for the following patents that are still pending registration as at the LPD.

No.	Patent	Proprietor	Product	Country of Registration	Application Number	Application Date	Annuity Fee Paid Per Annum	Status
1.	A method for producing an interchangeable vehicle interior lining	PLeather	Smart Fit door trim cover	Taiwan	101110006	22.03.2012	Not applicable ⁽ⁱ⁾	Substantive Examination Request was filed on 13 February 2015. Awaiting response from Taiwan patent office
2.	A method for producing an interchangeable vehicle interior lining	PLeather	Smart Fit door trim cover	Indonesia	W00201304353	23.09.2013	Not applicable ⁽ⁱ⁾	Substantive Examination Request was filed on 15 August 2014. Awaiting response from Indonesia patent office
3.	A method for producing an interchangeable vehicle interior lining	PLeather	Smart Fit door trim cover	USA	14/006,762	23.09.2013	Not applicable ⁽ⁱ⁾	Received Office Actions for the patent application. Responded and filed the Office Actions received accordingly ⁽ⁱⁱ⁾
4.	A method for producing an interchangeable vehicle interior lining	PLeather	Smart Fit door trim cover	Thailand	1301005306	23.09.2013	Not applicable ⁽ⁱ⁾	Unexamined Patent Application published on 12 October 2015. Substantive Examination Request due on 12 October 2020
5.	A method for producing an interchangeable vehicle interior lining	PLeather	Smart Fit door trim cover	Japan	2014-501024	23.09.2013	Not applicable ⁽ⁱ⁾	Filed the Response to Office Action on 29 January 2016. Awaiting response from Japan Patent Office

Notes:-

- (i) Payable upon registration of patent.
- (ii) An Office Action is a document written by an examiner in a patent or trademark examination procedure in the USA, where the document is mailed to an applicant for a patent or trademark. On 19 August 2014 (1st), 13 January 2015 (2nd), 16 April 2015 (3rd) and 5 August 2015 (4th), PLeather received Office Actions filed by the Examiner of the United States Patent and Trademark Office ("USPTO") raising their objections that PLeather's invention lacks in novelty and inventiveness by referring to certain previously filed applications. PLeather has responded to the aforementioned Office Actions on 20 November 2014 (1st), 9 April 2015 (2nd), 24 July 2015 (3rd) and 17 November 2015 (4th) respectively. In addition, Restriction Requirement notice was issued by USPTO on 4 December 2014 in which PLeather has responded to the said Restriction Requirement on 31 December 2014. Subsequently, an Advisory Action was issued by USPTO on 24 November 2015 and in response, PLeather has requested for continued examination on 5 January 2016. A fifth (5th) Office Action was issued on 28 January 2016 in response to PLeather's arguments to the fourth (4th) Office Action. The deadline to respond to the fifth (5th) Office Action is 28 April 2016 and PLeather is in the midst of preparing its response to the fifth (5th) Office Action.

4. INFORMATION ON OUR GROUP (Cont'd)

In the event the registration in respect of the above patent at the USPTO is not successful, the Pecca Group may still manufacture or sell the products which are dependent on the use of such patent, unless there is an identical or similar patent successfully filed by a third party.

Please refer to Section 3.1.9 of this Prospectus for details of the risks in the event that our registration for the patents as tabulated in the abovementioned table are not successful.

(b) Patents of Seatcoverpro/ PLeather

As set forth below, there are patents which are currently registered in the name of Seatcoverpro, the company in which our Group Managing Director, Datuk Teoh Hwa Cheng and Executive Director, Datin Sam Yin Thing are the Directors and substantial shareholders.

On 24 December 2014, Seatcoverpro has entered into a Deed of Assignment with PLeather assigning and transferring all rights, titles and interests in respect of all the patents registered under its name as set forth below to PLeather. Please refer Section 13.5 (d) of this Prospectus on the details of the Deed of Assignment ("**Patents Deed of Assignment**").

(i) Registered Patents of Seatcoverpro/ PLeather

The following patents have been registered by Seatcoverpro and assigned and transferred to PLeather pursuant to the abovementioned Patents Deed of Assignment:-

No.	Patent	Proprietor	Product	Country of Registration	Certificate of Grant/ Patent Number	Effective Date	Expiry Date	Annuity Fee Paid Per Annum
1.	Vehicle seat cover	PLeather #	Smart Fit car seat cover	Malaysia	MY-151916-A	18.03.2009	18.03.2029	Next annuity fee of RM360 due on 30 July 2016
2.	Vehicle seat cover	PLeather #	Smart Fit car seat cover	Australia	2009342413	26.05.2009	26.05.2029	Next annuity fee of AUD300 due on 26 May 2016
3.	Vehicle seat cover	PLeather #	Smart Fit car seat cover	Indonesia	IDP000036350	26.05.2009	26.05.2029	Next annuity fee of Indonesian Rupiah 4,000,000 due on 16 July 2016
4.	A close-fitting vehicle seat cover	PLeather #	Quick Fit car seat cover	Malaysia	PI2011700167 (MY-153485-A)	17.11.2011	16.11.2031	Next annuity fee of RM360 due on 12 February 2017

4. INFORMATION ON OUR GROUP (Cont'd)

No.	Patent	Proprietor	Product	Country of Registration	Certificate of Grant/ Patent Number	Effective Date	Expiry Date	Annuity Fee Paid Per Annum
5.	Vehicle seat cover	PLeather #	Smart Fit car seat cover	Thailand	8462	29.03.2012	28.03.2018	First annuity fee of Thai Baht 1,500 due on 28 March 2018, i.e. after the expiry of the six (6) years period from the first registration date of patent
6.	Vehicle seat cover	PLeather #	Smart Fit car seat cover	Taiwan	M446731	11.02.2013	26.03.2022	Next annuity fee of New Taiwan Dollar 5,000 due on 9 February 2017

Note:-

- # The patent has been assigned and transferred to PLeather pursuant to the Patents Deed of Assignment.

(ii) Patents of Seatcoverpro/ PLeather Pending Registration

Seatcoverpro and PLeather have submitted the application to register the patents as set out below which are still pending as at the LPD:-

No.	Patent	Applicant	Product	Country of Registration	Application Number	Application Date	Annuity Fee Paid Per Annum	Status
1.	Vehicle seat cover	PLeather ⁽ⁱ⁾	Smart Fit car seat cover	India	6828/ DELNP/ 2011	09.07.2011	Not applicable ⁽ⁱⁱ⁾	Substantive Examination Request was filed on 12 March 2013. Awaiting response from Indian patent office
2.	Vehicle seat cover	PLeather ⁽ⁱ⁾	Smart Fit car seat cover	China	200980158097.6	15.09.2011	Not applicable ⁽ⁱⁱ⁾	Received first and second notices of rejection filed by the Examiner of the State Intellectual Property Office of China ("CSIPO") on 25 April 2014 and 14 May 2015 respectively raising its objections that the invention lacks in novelty and inventiveness by referring to certain previously filed applications. Appeals and re-examination requests have been filed pursuant to the first and second notices of rejection on 23 June 2014 and 29 August 2015 respectively. The decision by CISPO rejecting the application was upheld on 5 January 2016. PLeather is considering legal proceeding before 5 April 2016 ⁽ⁱⁱⁱ⁾

4. INFORMATION ON OUR GROUP (Cont'd)

No.	Patent	Applicant	Product	Country of Registration	Application Number	Application Date	Annuity Fee Paid Per Annum	Status
3.	Vehicle seat cover	PLeather ⁽ⁱ⁾	Smart Fit car seat cover	USA	13/256/970	16.09.2011	Not applicable ⁽ⁱ⁾	Received a first and second Office Actions for the patent application. Filed for continued examination pursuant to the first and second Office Actions on 16 September 2014 and 13 September 2015 respectively. Received third Office Action on 28 December 2015 and replied on 5 February 2016. Awaiting response from USPTO
4.	Vehicle seat cover	PLeather ⁽ⁱ⁾	Smart Fit car seat cover	Philippines	1-2011-501859	16.09.2011	Philippines Peso 5,420	Next annuity fee of due on 23 September 2016
5.	Vehicle seat cover	PLeather ⁽ⁱ⁾	Smart Fit car seat cover	Canada	2756008	19.09.2011	Canadian Dollar 240	Filed the Response to Office Action on 13 January 2016. Awaiting response from the Canadian patent office. Next annuity due on 26 May 2016
6.	Vehicle seat cover	PLeather ⁽ⁱ⁾	Smart Fit car seat cover	Brazil	PI 0924429-8	19.09.2011	Brazilian Real 435	Next annuity due on 26 August 2016
7.	Vehicle seat cover	PLeather ⁽ⁱ⁾	Smart Fit car seat cover	Vietnam	1-2011-02509	20.09.2011	Not applicable ⁽ⁱ⁾	Responded and filed to the First Office Action dated 27 April 2015 on 27 August 2015. Awaiting response from Vietnam patent office
8.	Vehicle seat cover	PLeather ⁽ⁱ⁾	Smart Fit car seat cover	Europe	9841963.3	20.09.2011	EUR1,100	Next annuity fee due on 31 May 2016
9.	Vehicle seat cover	PLeather ⁽ⁱ⁾	Smart Fit car seat cover	Japan	2012-500732	20.09.2011	Not applicable ⁽ⁱ⁾	Application granted. Awaiting for the issuance of certificate from the Japan patent office
10.	Vehicle seat cover	PLeather ⁽ⁱ⁾	Smart Fit car seat cover	Korea	10-2011-7024488	18.10.2011	Not applicable ⁽ⁱ⁾	Responded and filed to the First Office Action on 16 June 2015. Responded to the Second Office Action on 31 January 2016
11.	A close-fitting vehicle seat cover	PLeather ⁽ⁱ⁾	Quick Fit car seat cover	China	201280056731.7	19.05.2014	Not applicable ⁽ⁱ⁾	Responded and filed the Office Action on 3 December 2015. Awaiting response from CSIPO
12.	A close-fitting vehicle seat cover	PLeather ⁽ⁱ⁾	Quick Fit car seat cover	Indonesia	P 00201402917	19.05.2014	Not applicable ⁽ⁱ⁾	Substantive Examination Request was filed on 29 October 2015. Awaiting response from Indonesia Patent Office

4. INFORMATION ON OUR GROUP (Cont'd)

No.	Patent	Applicant	Product	Country of Registration	Application Number	Application Date	Annuity Fee Paid Per Annum	Status
13.	A close-fitting vehicle seat cover	PLeather ⁽ⁱ⁾	Quick Fit car seat cover	Philippines	1-2014-501120	19.05.2014	Philippine Peso 4,500	Substantive Examination Request filed on 5 November 2014. Awaiting response from Philippines patent office. First annuity fee due on 23 May 2017
14.	A close-fitting vehicle seat cover	PLeather ⁽ⁱ⁾	Quick Fit car seat cover	Vietnam	1-2014-01631	19.05.2014	Not applicable ⁽ⁱⁱ⁾	Substantive Examination Request was filed on 24 February 2015. Awaiting response from Vietnam patent office
15.	A close-fitting vehicle seat cover	PLeather ⁽ⁱ⁾	Quick Fit car seat cover	Thailand	1401002722	19.05.2014	Not applicable ⁽ⁱⁱ⁾	Application was filed on 19 May 2014. Awaiting the Unexamined Patent Application to be published

Notes:-

- (i) The patent has been assigned and transferred to PLeather pursuant to the Patents Deed of Assignment.
- (ii) Payable upon registration of patent.
- (iii) In the event the registration in respect of the above patent at the CSIPO is not successful, the Pecca Group may still manufacture or sell the products which are dependent on the use of such patent, unless there is an identical or similar patent successfully filed by a third party.

Please refer to Section 3.1.9 of this Prospectus for details of the risks in the event that our registration for the patents as tabulated in the abovementioned table are not successful.

4.14.3 Licence Agreement

As at the LPD, our Group has not entered into any licence agreement.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.15 OUR GROUP'S PROPERTY, PLANT AND EQUIPMENT

4.15.1 Property and Plant

(a) As at the LPD, our Group owns the following land and buildings:-

No.	Registered Owner/ Beneficial Owner	Postal Address/ Title Identification	Description/ Existing Use	Approximate Age of Building/ Tenure/ Approximate Land Area/ Approximate Built-up Area (Sq Ft)	Encumbrances	Date of Issuance of Certificate of Fitness/ Completion and Compliance	Audited NBV as at 30.06.2014 (RM)	Audited NBV as at 30.11.2015 (RM)	Market Value/ Date of Valuation/ Method of Valuation (RM)	Revaluation Surplus as at 30.06.2014 (RM)
1.	PLeather	No. 1, Jalan Perindustrian Desa Aman 1A Industri Desa Aman Kepong 52200 Kuala Lumpur H.S. (M) 24691, Lot PT No. 2034, Locality of Desa Aman, Bandar Sungai Buloh, District of Gombak, State of Selangor Darul Ehsan	1 unit of 4-storey office building with a mezzanine floor annexed to a 4-storey flatted factory building and a 6-storey hostel building together with a guardhouse/ Head office and production factory of our Group	4 years/ Leasehold 99 years expiring on 4 August 2107/ 72,506 Sq Ft (land area)/ 21,700 Sq Ft (Built-up area for 4-storey office building)/ 89,896 Sq Ft (Built-up area for 4-storey factory building)/ 46,046 Sq Ft (Built-up area for 6-storey hostel building)	Charged to United Overseas Bank	5 January 2011 (for 4-storey office and 4-storey factory)/ 21 June 2011 (for 6-storey hostel)	22,929,975	21,868,420	36,000,000/ 28.08.2014/ Comparison and Cost Approach	13,070,025
2.	PLeather	B-5-1, 5 th Floor Block B, Damansara Sutera Apartment Persiaran KIP Utama Kipark Damansara 52200 Kuala Lumpur Strata Title No. Geran 58055/M2/6/178, Parcel No. 178, Storey No. 6, Building No. M2, Parent Lot No. 2854, Town of Kepong, District of Gombak, State of Selangor Darul Ehsan	1 unit of 3-bedroom apartment/ Staff accommodation	7 years/ Freehold/ Not applicable (land area)/ 850 Sq Ft (Built-up area)	Charged to Hong Leong Bank Berhad (formerly known as EON Bank Berhad)	13 October 2006 (for the Master Lot No. 2854)	145,115	140,808	# 320,000/ 28.08.2014/ Comparison and Income Approach	174,885
Sub-Total							23,075,090	22,009,228	36,320,000	13,244,910
Total							23,075,090	22,009,228	36,320,000	13,244,910

4. INFORMATION ON OUR GROUP (Cont'd)

Note:-

Based on the updated valuation conducted on 28 January 2016 on the same method of valuation, the market value of the property was RM350,000.

Please refer to Section 12 of this Prospectus for the Valuation Certificates prepared by the Independent Registered Valuers in relation to the valuation of the properties.

The revaluation surplus of approximately RM13.24 million as at 30 June 2014 arising from the revaluation of our properties as tabulated in Section 4.15.1(a) of this Prospectus was not incorporated to the financial statements of PLeather. The revaluation exercise was undertaken pursuant to the Listing and the said revaluation surplus as at 30 June 2014 has been incorporated into the Listing Scheme pursuant to the Acquisition of PLeather as detailed in Section 4.2 (d) (ii) of this Prospectus.

As at 30 November 2015, the revaluation surplus arising from the revaluation of our properties as tabulated in Section 4.15.1(a) of this Prospectus was approximately RM14.31 million.

The land and buildings as disclosed in item (1) in Section 4.15.1 (a) of this Prospectus are used for the business operations of our Group. Our principal place of business, production facilities, marketing and distribution as well as hostel building are located at No. 1, Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong, 52200 Kuala Lumpur.

The Directors of our Company confirm that the properties as disclosed herein above:-

- (i) have not breached any of the land use conditions/ permissible land use;
- (ii) subject to item (iii) below, comply with relevant statutory requirements, land rules or building regulations; and
- (iii) all the buildings for our production and business facilities have been issued with CF.

(b) As at the LPD, our Group has also rented the following properties:-

No.	Tenant	Landlord	Location	Description/ Existing Use	Approximate Built-Up Area (Sq Ft)	Monthly Rental (RM)	Rental Period
1.	PLeather	Cheah Po May	C-9-5, Aman Puri Apartment Jalan Aman Desa Aman Puri 52100 Kepong Selangor Darul Ehsan	Apartment unit/ Hostel for staff	900	800	15.09.2015 to 14.09.2016
2.	PLeather	Looi Mee Kheng	746, Lorong Kenangan 2/12 Taman Kenangan 09410 Padang Serai Kedah	Single storey terrace house/ Hostel for staff	1,400	400	15.08.2015 to 14.08.2017

The Directors of our Company confirm that the rented properties as disclosed above are not in breach of any land use conditions and/or are in compliance with relevant statutory requirements, land rules or building regulations.

4. INFORMATION ON OUR GROUP (Cont'd)**4.15.2 Material Plant and Equipment**

As at 30 November 2015, our Group's material plant and equipment are as follows:-

No.	Machinery	Description	No. of Units	Purchase Price (RM)	Audited NBV as at 30.11.2015 (RM)
1.	Cutting machine	Leather/ PVC/ Foam cutting	9	7,155,700	5,232,086
2.	Airbag sewing machine	Sewing of airbag thread for car seat cover for a car seat with installed airbag	3	680,000	474,233
3.	Logo embroidery machine	For embroidery sewing	3	278,000	173,967
	Total			8,113,700	5,880,286

As at 30 November 2015, the total purchase price and NBV of our Group's material plant and machinery are approximately RM8.11 million and RM5.88 million respectively.

Further information on the production facilities of our Group are as set out in item (1) in Section 4.15.1(a) of this Prospectus.

4.15.3 Production Capacities and Output

Our Group's estimated annual capacity, actual output and utilisation rate for the manufacture of leather car seat covers for the past four (4) FYE 2012 to FYE 2015 and FPE 2015 were as follows:-

Year/ Period	Total Production Capacity (Car Seat Cover)	Actual Output (Car Seat Cover)	Utilisation Rate (%)
FYE 2012	90,000	53,058	58.95%
FYE 2013	90,000	57,713	64.13%
FYE 2014	120,000	80,648	67.21%
FYE 2015	120,000	99,627	83.02%
FPE 2015	50,000	43,643	87.29%

We are currently capable of producing up to 10,000 car seat covers monthly.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.15.4 Material Capital Expenditures and Divestitures

Save as disclosed below, we did not incur any other material capital expenditure for the past four (4) FYE 2012 to FYE 2015 and FPE 2015 and up to the LPD:-

Description	Transaction Value (at Cost) (RM'000)					
	FYE 2012	FYE 2013	FYE 2014	FYE 2015	FPE 2015	Up to LPD
<u>Investments</u>						
Building & renovation	1,090	659	57	-	19	122
Plant and machineries	2,702	1,746	5,138	2,047	210	1,174
<u>Divestments</u>						
Building & renovation	238	-	-	-	-	-
Plant and machineries	-	200	602	556	5	5

The capital expenditures listed above were financed through our internally-generated funds and/or bank borrowings.

The detailed breakdown of the capital expenditures and divestitures tabulated in the above table for the past four (4) FYE 2012 to FYE 2015 as well as FPE 2015 and up to the LPD are as follows:-

(a) FYE 2012

Our capital expenditure for building and renovation for a total of approximately RM1.09 million for the FYE 2012 was mainly for the progress payment and renovation of our factory cum office building at No. 1, Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong, 52200 Kuala Lumpur ("**Desa Aman Factory**") of at approximately RM0.17 million and RM0.62 million respectively, and the purchase of residential apartments for a total purchase consideration of approximately RM0.30 million.

Our acquisition of plant and machineries for the total costs of approximately RM2.70 million for FYE 2012 comprises the following:-

Description of Plant and Machineries	Units	RM'000
Various types of sewing machine	54	1,540
Enhancement of cutting machines	2	378
Perforation machine	2	305
Die-cut machine	2	156
Various types of machinery and equipment	-	323
Total		2,702

Our divestment of building and renovation for the total proceeds of approximately RM0.24 million for the FYE 2012 was for the sale of a residential apartment.

4. INFORMATION ON OUR GROUP (Cont'd)**(b) FYE 2013**

Our capital expenditure for building and renovation for a total of approximately RM0.66 million for the FYE 2013 was mainly for the renovation and installation of fire protection systems for our Desa Aman Factory.

Our acquisition of plant and machineries for the total costs of approximately RM1.75 million for the FYE 2013 comprises the following:-

Description of Plant and Machineries	Units	RM'000
Various types of sewing machine	10	246
Cutting machines	2	1,258
Various machinery and equipment	-	242
Total		1,746

We disposed off two (2) units of cutting machines for the total proceeds of approximately RM0.20 million for the FYE 2013.

(c) FYE 2014

Our capital expenditure for building and renovation for a total of approximately RM0.06 million for the FYE 2014 was mainly for the renovation of our Desa Aman Factory.

Our acquisition of plant and machineries for the total costs of approximately RM5.14 million for FYE 2014 comprises the following:-

Description of Machineries	Units	RM'000
Various types of sewing machine	68	1,771
Cutting machines	2	2,436
Die-cut machine	1	675
Others	-	256
Total		5,138

We disposed off two (2) units of cutting machines and eight (8) units of sewing machines for the total proceeds of approximately RM0.60 million for the FYE 2014.

(d) FYE 2015

Our acquisition of plant and machineries for the total costs of approximately RM2.05 million for the FYE 2015 comprises the following:-

Description of Machineries	Units	RM'000
Various types of sewing machines and related accessories	9	303
Cutting machine	1	380
Die-cut machine	1	1,174
Various machinery and equipment	-	190
Total		2,047

We disposed off nineteen (19) units of sewing machines and one (1) unit of cutting machine for the total proceeds of approximately RM0.56 million for the FYE 2015.

4. INFORMATION ON OUR GROUP (Cont'd)**(e) FPE 2015**

Our capital expenditure for building and renovation for a total of approximately RM0.02 million for the FPE 2015 was mainly for the renovation of our Desa Aman factory.

Our acquisition of plant and machineries for the total costs of approximately RM0.21 million for the FPE 2015 comprises the following:-

Description of Machineries	Units	RM'000
Various types of sewing machines and related accessories	8	88
Enhancement of cutting machines	2	44
Various machinery and equipment	-	78
Total		210

We disposed off one (1) unit sewing machine for the total proceeds of approximately RM0.01 million for the FPE 2015.

(f) As at the LPD

Our capital expenditure for building and renovation for a total of approximately RM0.12 million up to the LPD was mainly for the renovation of our Desa Aman factory.

Our acquisition of plant and machineries for the total costs of approximately RM1.17 million up to the LPD comprises the following:-

Description of Machineries	Units	RM'000
Cutting machine	1	890
Various types of sewing machines and related accessories	8	88
Enhancement of cutting machines	2	44
Various machinery and equipment	-	152
Total		1,174

We disposed off one (1) unit of sewing machine for the total proceeds of approximately RM0.01 million up to the LPD.

4.15.5 Material Plans to Construct, Expand or Improve Facilities

As at the LPD, save as disclosed in Sections 2.7 and 4.20 of this Prospectus, we have no immediate plans to construct, expand or improve any of our existing facilities.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.16 APPROVALS, MAJOR LICENCES AND PERMITS

The following are the approvals, major licences and permits issued to companies in our Group in order for us to carry out our operations:-

No.	Type of Licence	Issuing Body/ Approving Authority	Date of Issuance	Date of Expiry	Major Conditions	Compliance Status
1.	Manufacturing Licence	MITI	17.02.2011	-	(a) MITI shall be informed of the sale of shares in PLeather. (b) PLeather shall train Malaysians on technology transfer and expertise to all levels of position. (c) PLeather shall administer project that was approved subject to the above conditions and in accordance with other laws and regulations in Malaysia.	Complied In compliance In compliance
2.	Sales Tax	Royal Malaysian Customs Department	01.01.2001	-	None	Not applicable
3.	Business & Non- luminous Advertising Board Licence	Local Council of Selayang	02.02.2016	30.06.2016	None	Not applicable
4.	Warehouse storage licence & Non-luminous Advertising Board Licence	Local Council of Selayang	02.02.2016	30.06.2016	None	Not applicable
5.	Goods and Services Tax	Royal Malaysian Customs Department	20.08.2014	-	The registered person shall notify the senior officer of customs on, <i>inter-alia</i> , the following:- (a) change of name; (b) change of director, shareholder, key officer, representative or authorised person; or (c) status of the business.	Noted. To be complied when applicable In compliance Noted. To be complied when applicable
6.	Certificate of Approval	DCA	06.03.2016	08.03.2017	The validity of this approval is conditional upon the holder making payment to the DCA of the relevant statutory fee prior to the anniversary date of issue of this approval	Noted. To be complied when applicable

4. INFORMATION ON OUR GROUP (Cont'd)

4.17 DEPENDENCY ON TRADEMARKS/ CONTRACTS/ ARRANGEMENTS/ LICENCES/ PATENTS

Save for trademarks and patents as disclosed in Section 4.14 of this Prospectus, our Group are not dependent on any other trademarks/ contracts/ arrangements/ licences/ patents.

4.18 INTERRUPTIONS IN BUSINESS OPERATIONS

Our Group did not experience any interruption in our Group's business which had a significant effect on our operations during the past twelve (12) months prior to the date of this Prospectus.

4.19 OUR COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our competitive advantages and key strengths are important in sustaining our business as well as providing us with future business growth.

(a) Our Established Track Record and Market Reputation

We commenced operations in 2000. Over the years, we have gained a reputation as a reliable manufacturer of quality products and achieved growth in customer base. According to Frost & Sullivan, we are the largest automotive leather upholstery supplier for the OEM and PDI passenger vehicle segments in Malaysia in 2015. We command a market share of about 36.3% in 2011, 38.4% in 2012, 57.8% in 2013, 65.2% in 2014 and 67.7% in 2015 based on the number of installed-leather-upholstery passenger vehicle units for OEM and PDI market segments for each respective year, with the exclusion of REM market segment.

The quality of our products and our track record enable us to retain our existing clientele as well as continuously expanding our customer base and geographical presence. Currently, we have thirteen (13) authorised distributors for the overseas markets.

In addition, "Pecca Leather" is a registered trademark. We actively strive to establish our brand name in the market to be associated with the best leather, vigilant quality control and constant innovation. We registered our brand name for "Pecca Leather" logo in 2005. We have also registered our trademarks for OE Fit products, Smart Fit products and Quick Fit products. The registration of our trademarks enables us to increase our brand presence and recognition as a provider of high quality products.

(b) Our Business Operations Adopt High Quality Standards and Controls in the Automotive Industry

We adopt high quality standards and controls within our business operations in order to deliver high quality products that fulfil our clients' requirements. Our QMS is in accordance with ISO/TS 16949:2009, ISO 14001:2004 and OHSAS 18001:2007 international standard for the automotive industry. The certifications are the standard requirements in the automotive industry and enable us to participate in tenders both locally and overseas.

To further enhance the quality standards of our business operations, we have conducted a process audit in accordance with the VDA 6.3 audit standard, which covers auditing procedures for the entire product life cycle process in the automotive industry. Our fulfilment of the VDA 6.3 audit standard enables us to penetrate the European market and become an approved supplier for the Volkswagen Group.

4. INFORMATION ON OUR GROUP (Cont'd)

Our management team is committed to stringent quality control in the manufacturing processes and are able to closely monitor and ensure that all operations are carried out in accordance to our Group's quality control objectives, so as to ensure effective and efficient production thus optimising productivity as well as product quality.

(c) Our Smart Fit Product with Ease of Installation for Car Seat Covers and Car Door Trim Covers

We believe that one of the critical factors that differentiate us from our competitors is the recognition of our products, which is associated with quality and our Smart Fit product with registered patents in Malaysia, Indonesia, Thailand, Taiwan and Australia. We have commercialised our Smart Fit product which is patented for car seat cover and car door trim cover for the PDI market segment which we could capitalise for the REM market segment.

One of the options for PDI centres and/or car distributors to remodel a car or enhance the value proposition in order to increase sales is to substitute original standard fabric of car seats and door trim with leather. The conventional way for car seat cover or door trim replacement requires dismantlement of a car seat or a door and stripping of original fabric before new cover can be installed. However, dismantlement and subsequent reinstallation of a car seat or car door trim may result in invalidation of relevant warranties by a car manufacturer.

Our innovative Smart Fit product allows installation of leather car seat cover on the original fabric and does not affect the texture of the original cushion or fabric layer of a car seat. The installation is done inside the car without the necessity to dismantle a car seat. Our Smart Fit product for car door trim covers allows assembly of it onto a car's interior without destroying the texture and physical properties of the original fabric.

Our Smart Fit product also reduces the risk of damaging plastic parts of the car interior during installation of leather car seat covers and car door trim covers. In addition, installation of our Smart Fit product requires less manpower, time and equipment compare with the conventional method of leather car seat cover installation. Hence, this effective method of Smart Fit installation leads to cost savings and consequentially reduces the total cost of leather upholstery for cars.

For car seats that are originally equipped with airbags, the Smart Fit cover has been certified to fulfil numerous airbag deployment test carried out by independent testing bodies. Smart Fit car seat cover and door trim cover can be customised with various combinations of materials and styles resulting in vast options available to suit the different tastes and preferences of our customers. Our Smart Fit product offers quality leather upholstery in compliance with OEM quality and safety specifications for our customers in PDI market segment with shorter installation time.

Our proprietary Smart Fit product creates potential barrier to entry for our competitors in PDI market segment as the PDI centres of renowned car manufacturers will avoid the appointment of other leather car seat covers manufacturers who might infringe on the patent rights of our Group resulting in the potential disruptions to their supply of leather car seat covers due to the legal proceeding brought against the infringer.

4. INFORMATION ON OUR GROUP (Cont'd)

In addition, we have lodged patent registrations in other countries. Although these patents are currently being examined in the respective patent offices and the grant for patent registrations is still in progress, our Smart Fit product is under protection in those countries, as once the patent has gone through the examination process successfully, they will be protected from the priority date which is the first application filing date. As such, an invention will be under protection although the patent is pending registration. Once a patent is being registered, the registration is deemed effective since the filing date. Further, for the registration of our patent in selected countries, our Group is currently paying annuity fees being the maintenance fees from the first anniversary of the filing date as a consideration for the examination process whilst in certain countries like Malaysia, Singapore, USA, China and Japan, annuities are paid after a patent is granted. The details of the annuity fees paid by our Group in the respective countries are as disclosed in Section 4.14.2 of this Prospectus.

(d) Our Key Management's Experience and Expertise in the Leather Industry

Our Group is managed by a team of long serving management and key personnel, who are qualified and experienced, and headed by our Group Managing Director, Datuk Teoh Hwa Cheng who has more than 25 years of experience in the leather industry. By pervading on Datuk Teoh Hwa Cheng's knowledge, skill set and methods from the small leather goods industry to the production of our leather car seat covers, he managed to infuse the detailed quality of producing small leather goods into the leather upholstery and car seat covers for the automotive industry. This includes, amongst others, the methods in the selection and checking of incoming materials, as well as the cutting and stitching methods. Leather is a very unique material whereby it is originated from animal raw skin and thus, every hide will have different characteristics in terms of size, defect areas due to insect bites, injuries from fights, existence of humps in certain species of cattle and loose skin due to the age of the cattle. Hence, in our selection process, a leather hide will be categorised into few grades based on the position and defect of the hides which will then be sewed to different parts of the seat covers to ensure an overall good and smooth appearance of the leather car seat covers produced. The selection of material requires extensive technical experience in ensuring acceptable quality standards to the customers and at the same time maximising the cutting yield for cost efficiency. Further, our experience and knowledge in the development of PVC material is critical in order to match the material characteristic with leather to produce semi-leather car seat covers encompassing colour matching, acceptable glossiness and emboss variance. This is critical to ensure all car seat covers produced with the combination of leather and PVC will be visually homogeneous. Our management and key personnel are experienced in producing and supplying leather related products and are personally involved in the manufacturing and marketing operations of our Group.

(e) Our In-house Design and Styling Capabilities

The preparation of styling and design proposals for leather car seat covers as well as the whole car interior and exterior to create matching propositions to meet our clients' requirements is undertaken by our own Stylelab Department. For the car interior design, apart from the design of leather car seat cover, we are also able to propose a packaged styling and design for other items, such as floor mats, steering wheels and gear shift knobs. For car exterior design, we are able to propose styling design for grill, bumper and body kit as well as car body decals to match the car interior design.

Our Stylelab comprises a team of experienced designers with extensive exposure in interior styling for the automotive industry.

4. INFORMATION ON OUR GROUP (Cont'd)

Our Stylelab provides solutions to the clients in line with their styling preferences and targeted market segments. Based on the client's requirements and specifications, our team will develop several styling design proposals that are attractive, reliable and cost effective. The proposals may include different combination of materials, stitches and logo embroidery. We provide 3-D drawings of the styling designs to the clients for their selection. Accordingly, we are able to deliver a customised and complete styling design services to our clients.

4.20 FUTURE PLANS, STRATEGIES AND PROSPECTS

Our future plans are focused in the following key areas:-

4.20.1 Operating Capacity Expansion

As at the LPD, we are capable of producing 120,000 sets of car seat covers annually as detailed in Section 4.15.3 of this Prospectus. We are planning to purchase new machineries with the Public Issue proceeds as detailed in Section 2.7(c) of this Prospectus to increase our operating capacity by an additional 50,000 sets of car seat covers to 170,000 sets of car seat covers annually to support our business activities and also, to cater for the anticipated increase in our sales volume from new contracts to be secured by our Group.

As at the LPD, we have utilised approximately 87% of our production capacity for the production of car seat covers for the existing car models as well as new models such as Perodua Axia, Proton Iriz, Perodua Myvi D46D, Proton Exora MC2 and Toyota Hilux.

Our Group practice is to ensure that there is a buffer production capacity of approximately 15% at all times. This is drawn from our years of experience in the industry to ensure that we can cater for any ad-hoc orders from our customers which typically have a short delivery lead times as Tier 1 customers/ manufacturers could not afford any downtime in their production from not being able to obtain the supplies from us. The additional production capacity buffer is also important to ensure that preventive maintenance can be carried out on our production equipment and/or to cater for unscheduled downtime due to the breakdown of equipment.

In line with the expansion of our production capacity and purchase of new machineries, we plan to build an additional storey on our existing factory building with the Public Issue proceeds as disclosed in Section 2.7(d) of this Prospectus to increase our production area. The additional storey is expected to complete by the first quarter of 2017 resulting in an increase of our annual production capacity by 50,000 sets of car seat covers when the new machineries are installed. We have obtained the approval of the Municipal Council of Selayang vide its letter dated 14 January 2015 and 16 October 2015 for the revision to the approved layout plan and the approval of building plan respectively for the construction of an additional storey measuring 1,837 square metres or 19,773 Sq Ft, to our existing 4-storey flatted factory building.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.20.2 Opening of Retail Outlets

We plan to sell our products directly to end users and penetrating into the REM retail industry by opening fifty (50) retail outlets across Malaysia to focus on selling our Smart Fit and Quick Fit products, and car accessory covers. This will create branding awareness and preserve our patented product as the retail outlets will be able to showcase the various types of designs and provide live and fitness demonstration to our potential customers to showcase the features of the products in order to boost customers' confidence on our products. Our retail outlets will also supply the OE Fit car seat covers in the event that there is such demand especially for car models that our Smart Fit and Quick Fit car seat covers are not readily available.

We plan to carry out our REM retail business under EEmpire as we believe that our Smart Fit and Quick Fit products will be attractive to end users due to its affordability as an option of leather upholstery for cars. In addition, the opening of fifty (50) retail stores across Malaysia will create an additional revenue stream to our Group.

Our plan to open and operate fifty (50) retail outlets enables us to serve and cover wide geographical locations focusing on the mass replacement market particularly new and reconditioned car owners. The proposed locations of the retail outlets as set out below are chosen based on their proximity to car showrooms and/or dealerships as the introduction and promotion of optional accessories such as leather car seat covers and tinting film will be done via car showroom sales personnel. This allows the leather car seat covers to be installed prior to the delivery/ handover of new cars. As such, being near to car showrooms and/or dealerships will facilitate the on-site installation of leather car seat covers which minimises travelling distance and the consequential logging of mileage including the risk of accidents or potential damages to the new cars prior to its registration and delivery/ handover to the customers.

Our decision to introduce our Smart Fit and Quick Fit products to the REM retail market is based on the feedback from car showroom sales personnel and car dealers that there are demand for easy to install aftermarket leather car seat covers that do not damage the original seats or void manufacturer's warranties. Currently, only leather car seat covers that require dismantling of existing car seat covers or leather/ PVC car seat covers meant for standard sized car seat that does not provide good fitment are available in the market.

Both automotive tinting and car seat covers are car accessories that cater to customers in REM market segment. As such, the principles of operating the retail outlets for the sale of such products are similar as both cater to customers that want to enhance the interior of their cars for aesthetic and/or comfort reasons.

Our plan to open and manage the retail stores is drawn from the exposure gained by our Promoters through working together with the management team of Tint Auto (M) Sdn Bhd, KT Universal Venture Sdn Bhd and previously from MRZ Car Seat Sdn Bhd prior to it ceasing its operations on 1 February 2015 which are/ were involved in the automotive aftermarket business segment. Tint Auto (M) Sdn Bhd presently operates a retail outlet for the sales and installation of window tinting film for automotive and architecture applications. KT Universal Venture Sdn Bhd is involved in the appointment of authorised retail outlets for Llumar tinting film and is presently managing a total of 48 Llumar concept stores nationwide whereas MRZ Car Seat Sdn Bhd was previously involved in the sales and installation of leather car seat covers in the REM market segment.

4. INFORMATION ON OUR GROUP (Cont'd)

Our Promoter will be able to apply their exposure in operating retail outlets for window tinting film business to car seat covers business primarily in the areas of, amongst others, selection of locations for the retail outlets; formulation of multi-tier product pricing structure to accommodate sales commission for car showroom sales personnel and pricing structure for walk in customer to effectively induce sales; the roll-out of branding, advertisement and promotion strategies; and execution of product panel-ship arrangement by engaging the established business partners of tinting business comprising of car dealers.

The Malaysian Automotive Association projected the total industry volume of 650,000 units for passenger and commercial vehicles in 2016. Further, as of 2014 and 2015, Frost & Sullivan estimates that 74.8% and 64.6% respectively of the locally assembled passenger vehicles units are equipped with fabric car seat programme, while only the remaining 25.2% and 35.4% respectively are equipped with leather programme in OEM and PDI market segments. This creates favourable opportunities to offer leather car seat and accessories covers to the customers in after-sales premium car segment, who are seeking to upgrade and enhance the appearance of their car interiors. There are also a significant room for growth in REM mass market, where the premium appearance, durability and yet affordable price of Quick Fit car seat covers is expected to gain traction. In addition, we are planning to work with financial institutions to offer instalment payment schemes to our customers to enable them to purchase our products easily.

The opening of the retail outlets will involve the scouting of stores or shop lots available for rent with floor area in the range of 1,000 to 1,500 Sq Ft in the proposed identified geographical locations by property agents, renovation of the stores or shop lots in accordance to the standardised concepts, display of the various car seat covers and to stock up the requisite inventory to meet the anticipated demand and sales of the specific outlets. The renovations of the standardised concepts and layout of the retail outlets will be carried out by the selected identified contractor(s) to ensure uniformity of our retail outlets. As such, we anticipate that we will be able to meet our objective of opening the fifty (50) retail outlets within a period of 24 months from the date of our Listing.

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4. INFORMATION ON OUR GROUP (Cont'd)

The proposed geographical location of our fifty (50) retail outlets are as follows:-

West Malaysia				East Malaysia	
Central Region		Northern Region			
No.	Proposed Location	No.	Proposed Location	No.	Proposed Location
1.	Damansara (SS2)		<u>Penang</u>		<u>Sarawak</u>
2.	Kota Damansara	27.	Prai	44.	Kuching (outlet 1)
3.	Kajang	28.	Georgetown	45.	Kuching (outlet 2)
4.	Glenmarie	29.	Juru	46.	Miri
5.	Old Klang Road	30.	Bayan Lepas	47.	Bintulu
6.	Uptown Damansara				
7.	Bukit Tinggi Klang		<u>Perak</u>		<u>Sabah</u>
8.	Shah Alam	31.	Setiawan	48.	Kota Kinabalu (outlet 1)
9.	Seri Kembangan	32.	Ipoh (outlet 1)	49.	Kota Kinabalu (outlet 2)
10.	Bangsar	33.	Ipoh (outlet 2)	50.	Tawau/ Sandakan
11.	Klang				
12.	Sunway		<u>Kedah</u>		
13.	Bukit Jalil	34.	Sungai Petani		
14.	Mahkota Cheras	35.	Langkawi		
15.	Alam Avenue	36.	Alor Setar		
16.	Setapak				
17.	Batu Caves		Southern Region		
18.	Setia Alam	No.	Proposed Location		
19.	Sungai Buloh		<u>Johor</u>		
20.	Rawang	37.	Batu Pahat		
21.	Cheras	38.	Johor Bahru (Taman Molek)		
22.	Pandan Indah	39.	Johor Bahru (Perling)		
23.	Puchong	40.	Kluang		
24.	KL City (Jalan Ipoh)				
25.	KL City (Jalan Imbi)		<u>Negeri Sembilan</u>		
26.	KL City (Jalan Chan Sow Lin)	41.	Seremban		
			<u>Melaka</u>		
		42.	Melaka Town		
			East Coast Region		
		No.	Proposed Location		
			<u>Kelantan</u>		
		43.	Kota Bahru		

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4. INFORMATION ON OUR GROUP (Cont'd)

4.20.3 Operations of PAviation

We are planning to leverage on our technical expertise and understanding of leather upholstery to further expand our business activities. We intend to venture into the aviation leather upholstery and parts refurbishment industry through our subsidiary, PAviation.

PAviation's principal business activities involve the manufacturing, repair, refurbishment, distribution and installation of aircraft leather seat covers and other leather related products, such as side wall panels, ceiling panels and leather trim for commercial aircrafts and private jets.

In accordance with the licensing requirements of the DCA and the FAA internationally, PAviation had on 12 March 2015 submitted its Part 145 Repair Station application to the DCA to obtain the DCA's approval for the Certificate of Airworthiness for its venture into the aviation leather upholstery and parts refurbishment in the aviation industry which encompasses the provision of repair and restoration of non-structural cabin interior parts and materials, and repair and refurbishment of leather and vinyl cabin seat trims, seat covers and carpets. It is a practice in the aviation industry for the refurbishment business to include a wide scope of responsibilities whereby the appointed operator are required to undertake a total refurbishment program for the aircraft which includes upholstery refurbishment and other parts replacement.

The approval of the DCA for PAviation's venture into the parts refurbishment in the aviation industry has been obtained via a certificate of approval dated 9 March 2016 whilst the approval for its venture into the aviation leather upholstery is delayed pending the submission of an internal audit report by PAviation to DCA demonstrating PAviation's readiness and capability to undertake the leather upholstery business and is expected to be obtained by end of 2016 as detailed in Section 4.1.4(b)(i) of this Prospectus. Thereafter, PAviation shall prepare the relevant documentation to obtain certification and related approvals from the FAA to be recognised as an international player in the industry. PAviation is expected to receive the relevant certification and approval from FAA by 2017.

PAviation has commenced business on 23 December 2015 as it has secured an interior refurbishing project from ExecuJet Malaysia Sdn Bhd, a certified and licensed MRO operator, to refurbish the side wall, headliner panels and floor carpet, and toilet seat replacements for a private jet. ExecuJet Malaysia Sdn Bhd was responsible for the certification of the project after completion.

PAviation is our 60% owned subsidiary and remaining 40% equity interest is held by Wohlstand. Wohlstand is relying on our Group's core expertise in the manufacturing of leather car seat covers for automotive industry for the venture into the aviation upholstery industry for the REM market segment. At the same time, our Group are leveraging on the experience, expertise and qualification of the shareholders of Wohlstand in our foray into the manufacturing, repair, refurbishment, distribution and installation of aircraft leather seat covers as we do not have any prior experience in the manufacturing of leather seat covers for the aviation industry. Reliance is placed on the shareholders of Wohlstand to satisfy the requirement of having a qualified certified Engineer in the aviation industry in our applications to obtain the relevant certifications and approvals, and to manage the part refurbishment business in the aviation industry. Further, we intend to leverage on the existing contacts and trained human resources of Wohlstand in the aviation industry to ease our penetration into the aircraft leather seat covers for the aviation industry. In addition to our experience and expertise in the manufacturing of leather car seat covers as mentioned above, Wohlstand is dependent on our Group to provide the funding and operational support to obtain the relevant certification and approvals, and for the commencement and to subsequently manage the manufacturing operations of PAviation.

4. INFORMATION ON OUR GROUP (Cont'd)

Wohlstand is presently involved in the provision of cleaning services for the interior of aircrafts in the aviation industry which it secured from the MRO operators appointed by the relevant commercial airlines, as well as, private jet liner companies. The shareholders of Wohlstand, namely Ooi Eng Huat and Tsng Fuh Shen have the experience and expertise in the aviation industry. Ooi Eng Huat, presently the Executive Director cum Operation Manager of PAviation, gained the relevant experience in the maintenance of aircraft passenger seats and operation of workshop for provision of aviation related support services during his past employments in the companies involved in the aviation related industry. Tsng Fuh Shen's experience in aircraft maintenance management, engineering planning and defect control, quality assurance and compliance in the aviation which are applicable for both the MRO and FBO services as well as his experience in hanger operations for FBO services has also equipped him the necessary knowledge and expertise to provide the technical, quality assurance and training services for the setting up of PAviation pursuant to the Contract for Service Agreement as disclosed below. Please refer to Sections 5.4.2(g) and 4.1.4(b)(iv)(cc) of this Prospectus for the profiles of Ooi Eng Huat and Tsng Fuh Shen respectively.

Datuk Teoh Hwa Cheng and Datin Sam Yin Thing, the then shareholders of PAviation (i.e. prior to the Acquisition of 60% PAviation and the Vendors of PAviation) and Wohlstand have entered into a Joint Venture Agreement on 23 September 2014 as disclosed in Section 13.5(a) of this Prospectus ("**JV Agreement**"). The parties to the JV Agreement have agreed that their relationship as shareholders in PAviation shall be governed by the JV Agreement.

The JV Agreement sets out the scope and extent of co-operation, obligations and dealings of the parties vis-à-vis each other and the company as well as provisions relating to, inter alia, the objects of the company, roles and responsibilities of the parties, composition of directors and management, and general meeting of shareholders.

Subsequently, in conjunction with the Listing, the Vendors of PAviation and Pecca have entered into a conditional share sale agreement on 24 December 2014 as disclosed in Sections 4.2(d)(iii) and 13.5(g) of this Prospectus ("**PAviation SPA**"). The completion of the PAviation SPA was conditional upon, *inter alia*, Pecca executing the Ratification & Accession Agreement as defined and disclosed in Section 13.5(a) of this Prospectus whereby Pecca accepts, agrees and undertakes to be bound by the terms and conditions of the JV Agreement as the Vendors of PAviation would have been bound.

Further, pursuant to the abovementioned JV Agreement, Tsng Fuh Shen and PAviation have entered into a Contract for Service Agreement dated 1 October 2014 whereby he is contracted to provide his technical, quality assurance and training services for the setting up of PAviation for a period 24 months from 1 October 2014 to 30 September 2016 for a monthly fixed contractual fee ("**Contract Service Agreement**"). Upon the commencement of PAviation's operations, he will be responsible for the business development aspects of PAviation. As such, the commitment of Wohlstand and its shareholders in the operations of PAviation is ensured.

We intend to utilise RM1.0 million from the Public Issue proceeds for the commencement of the PAviation business as set out in Section 2.7(g) of this Prospectus which will be an advance from Pecca to PAviation. The aforementioned RM1.0 million advance to PAviation represents approximately 0.66% of the proforma consolidate NTA of Pecca upon Listing of RM150.66 million ("**PAviation's Advance**"). The PAviation's Advance is less than 5% proforma consolidate NTA of Pecca upon Listing. As such, the PAviation's Advance is not considered as the provision of financial assistance in accordance with the Listing Requirements.

Our venture into the aviation leather upholstery industry will create additional revenue stream and facilitate the growth of our Group as a whole.

4. INFORMATION ON OUR GROUP (Cont'd)

4.20.4 Establishment of Market Presence in Thailand

Currently, we are serving the PDI market segment in Thailand directly from our Malaysian operations without a local presence in Thailand. Our sales personnel will travel to meet our existing and potential customers in Thailand whereas our products are delivered to our customers via land transportation. We plan to establish our local market presence and expand our customer base in Thailand by incorporating a private limited company in Thailand under the proposed name of Pecca Leather (Thailand) Pte Ltd, where 49% equity will be owned by Pecca, the maximum permissible equity shareholding allowed in accordance with the Regulation of Commercial Registration Department issued by the Director-General of the Department of Business Development of Thailand. However, we will assume the management control of the company based on our proposed equity shareholding via the issuance of the preference shares whereby our preference shares will be entitled to five (5) votes per share as compared to one (1) vote per ordinary share. We are currently in the midst of identifying our 51% equity shareholder(s) for Pecca Leather (Thailand) Pte Ltd who preferably have the requisite exposure in the supply of automotive accessories in Thailand.

We intend to set up our operations in the Muang Samutprakarn district of Bangkok, Thailand with sales, R&D and installation personnel, as well as a customer service centre to provide localised customer support as Thailand is an important hub in the South East Asian automotive market. Muang Samutprakarn has been chosen due to its proximity to the PDI centres for automotive manufacturers.

In our pursuit to expand our presence beyond the Malaysian automotive industry and after in-depth consideration of operational and strategic factors including investment requirements, monthly operating expenses and amount of sales required to sustain the operations, availability of human resources, our products competitiveness in the country, as well as the feasibility of operational support from our Malaysia office, Thailand is our nominated preferred regional location.

The operations of the automotive upholstery industry require extensive manpower skill set and craftsmanship, which are typically acquired through many years of practical training to ensure optimal quality and good fitment of the assembled leather car seat covers. It is a common practice globally for the automotive assembly industry to adopt the JIT production method. Under such practice, all Tier 1 and Tier 2 suppliers are required to implement effective operating procedures that facilitate timely and efficient supplies, and responses to support the operations of the automotive assemblers. This is also the standard practice adopted in our Malaysian operations, whereby our technical teams are regularly stationed at the Tier 1 car seat manufacturers' sites to ensure provision of timely and effective operational support, particularly for the installation of leather car seat covers.

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4. INFORMATION ON OUR GROUP (Cont'd)

Due to geographical proximity, Thailand is regarded as the most ideal location for our expansion beyond Malaysia as it reduces our operational cost for the transfer of skilled or technical manpower and allow for timely product delivery and operational support. Furthermore, Thailand is ranked the twelfth (12th) largest automotive hub globally and the largest automotive producing country in ASEAN with a production of more than 1.92 million units in 2015 according to The International Organization of Motor Vehicle Manufacturers. This is equivalent to approximately three (3) times the scale of Malaysia's automotive production of 0.61 million units in the same period. Some of our major customers who are foreign car manufacturers such as Mitsubishi, Toyota and Nissan have established regional assembly facilities in Thailand. Strengthening our presence in Thailand will allow us to foster closer business relationships with our customers to enhance and to create new business opportunities. Presently, Mitsubishi and Nissan Thailand are our customers for the supply of Smart Fit car seat covers. Furthermore, under the ASEAN Economic Community initiative, the removal of tariff barriers and harmonisation of technical standards within the participating ASEAN nations have facilitated greater incentives and operational advantages for other ASEAN automotive parts suppliers' entry into Thailand. The introduction of tax benefits by the Thai Government, namely Value Added Tax waiver, has further encouraged the automotive industry in Thailand to source from Thailand's local suppliers. In addition, having a presence in the Thai automotive industry will enable us to leverage on the local pool of skilled labour in the industry.

Our Group views Thailand as an ideal strategic market for our regional expansion and our expansion to Thailand will be approached in a prudent manner. At the initial stage, our target customers will be the PDI centres of the car manufacturers focusing on the marketing and sales of Smart Fit leather car seat covers. We will recruit local sales employees to explore business opportunities with local PDI customers, while our Malaysian personnel will provide the necessary training and knowledge transfer to the local technical operations team. We plan to recruit six (6) headcounts to commence our operations in Thailand consisting of one (1) Sales Manager, one (1) Sales Executive, two (2) R&D Executives for templates and patterns making, one (1) Installer and one (1) Quality Assurance personnel. We also plan to install two (2) sewing machines and one (1) perforation machine at the said Thailand sales office cum support centre.

Our Smart Fit leather car seat covers will be displayed in our showroom and our R&D team will be responsible to support the development of the patterns and templates upon receipt of orders from customers. We may further explore the feasibility and viability of establishing a local manufacturing plant in Thailand to support the Tier 1 car seat manufacturers in the OEM segment depending on the reception and performance of Thailand entity.

We intend to utilise RM1.50 million of the Public Issue proceeds for the expansion of our market presence in Thailand as detailed in Section 2.7(f) of this Prospectus which will be recorded as an advance from Pecca. The aforementioned RM1.50 million advance represents approximately 1.0% of the proforma consolidate NTA of Pecca upon Listing of RM150.66 million which is less than 5% proforma consolidate NTA of Pecca upon Listing to be considered as the provision of financial assistance in accordance with the Listing Requirements.

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5. INFORMATION ON PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS AND KEY MANAGEMENT

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Particulars and Shareholdings of Promoters and Substantial Shareholders

The details of the Promoters and substantial shareholders of our Company and their respective shareholdings in our Company before and after the IPO are as follows:-

Name	Country of Incorporation/ Nationality	^(a) No. of Shares Held in Pecca Before the IPO				^(b) No. of Shares Held in Pecca After the IPO			
		Direct	%	Indirect	%	Direct	%	Indirect	%
Promoters and Substantial Shareholders									
MRZ	Malaysia	120,822,420	86.18	-	-	85,692,420	45.58	-	-
Datuk Teoh Hwa Cheng	Malaysian	18,367,853	13.10	^(c) 120,822,420	86.18	10,167,853	5.41	^(d) 85,692,420	45.58
Datin Sam Yin Thing	Malaysian	24,002	0.02	^(c) 120,822,420	86.18	24,002	0.01	^(d) 85,692,420	45.58

Notes:-

- Based on the issued and paid-up share capital of 140,204,000 Shares after the Dividend Payment, Subdivision, Allotment and Acquisitions.
- Based on the enlarged issued and paid-up share capital of 188,000,000 Shares after the Public Issue.
- Deemed interested by virtue of his substantial shareholding in MRZ pursuant to Section 6A of the Act.
- Deemed interested by virtue of her substantial shareholding in MRZ pursuant to section 6A of the Act.

Save for the foregoing, we are not aware of any other person who directly or indirectly, jointly or severally, has significant influence over us.

5.1.2 Profiles of Promoters and Substantial Shareholders

The profiles of our Promoters and substantial shareholders, MRZ, Datuk Teoh Hwa Cheng and Datin Sam Yin Thing are as set out below:-

(a) MRZ

(i) Background and History

MRZ was incorporated in Malaysia under the Act as a private company on 29 July 2003 under the name of Miroza Holdings Sdn Bhd. On 6 September 2004, it changed and assumed its present name.

The principal activity of MRZ is investment holding in private equity and is solely to invest in Pecca. As at the LPD, MRZ is a substantial shareholder of Pecca.

(ii) Share Capital

As at the LPD, the authorised share capital of MRZ is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each of which 3,000,001 ordinary shares of RM1.00 have been issued and fully paid-up.

5. INFORMATION ON PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS AND KEY MANAGEMENT (Cont'd)

(iii) Directors and Shareholders

As at the LPD, the Directors and shareholders of MRZ are as follows:-

Name	Nationality	Direct		Indirect	
		No of Ordinary Shares of RM1.00 Each	%	No of Ordinary Shares of RM1.00 Each	%
<u>Directors and shareholders</u>					
Datuk Teoh Hwa Cheng	Malaysian	2,330,000	77.67	-	-
Datin Sam Yin Thing	Malaysian	670,000	22.33	-	-
Tan Soo Hiok	Malaysian	1	#	-	-

Note:-

Insignificant.

- (b) **Datuk Teoh Hwa Cheng**, aged 48, a Malaysian, is the Group Managing Director and founder of our Pecca Group. He was appointed to the Board of Pecca on 27 July 2010. He brings with him more than 25 years of experience in the leather goods industry. He completed his primary school studies in 1982 and started to gain working experience through various jobs from being an apprentice in an aluminium manufacturing company to being sales person in small leather goods comprising wallets, purses, belts and other leather products ("**Small Leather Goods**") trading companies until 1987, when he set up a trading business in Small Leather Goods products. After gaining the exposure in managing his own Small Leather Goods trading business and to grow further upstream in the leather business, he ceased his trading business and managed a small scale manufacturing operations in Bangkok, Thailand, producing Small Leather Goods in 1989. With the intention to relocate back to Malaysia, in 1993, he ceased his manufacturing operations in Thailand and established Omicrast Manufacturers Sdn Bhd, a Small Leather Goods manufacturing operations in Perlis who was the contract supplier to Miroza Leather (M) Sdn Bhd. He managed Omicrast Manufacturers Sdn Bhd from 1993 until he ceased the said manufacturing operations in 2000. He established both MRZ Car Seats Sdn Bhd and PLeather in the same year in 2000 in order to expand into the automotive industry. Since then, he focused his time and energy in the automotive leather upholstery industry. He was instrumental in our continuous expansion in the leather seat covers business, both locally and internationally and steering our Pecca Group to its current status.

He is responsible for leading the overall strategic planning and the charting of long term objectives of our Pecca Group.

He also sits on the board of several private companies.

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5. INFORMATION ON PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS AND KEY MANAGEMENT (Cont'd)

(c) **Datin Sam Yin Thing**, aged 45, a Malaysian, is the Executive Director of Pecca. She was appointed to the Board on 31 October 2011. She started working after she completed her lower secondary school studies in 1985, where she gained experience working as a general and administrative clerk and subsequently in the supervisory positions responsible for administrative functions in a few trading companies until 1989. From 1989 to 1993, she worked as the Administrative Manager in Datuk Teoh Cheng Hwa's small scale operations in Bangkok, Thailand, producing small leather goods. She joined Omicrast Manufacturers Sdn Bhd in 1993 (the contract supplier of small leather goods to Miroza Leather (M) Sdn Bhd since 1993) as the Administrative Manager until she left in 1997 to join Miroza Leather (M) Sdn Bhd (presently a subsidiary of MESB Berhad which is listed on the Main Market of Bursa Securities) as the Purchasing Manager. Miroza Leather (M) Sdn Bhd is a company specialising in the distribution of small leather goods for internationally renowned brands such as Pierre Cardin, Pierre Balmain and Alain Delon under exclusive licensing as well as its own house brands, namely Giossardi. She left Miroza Leather (M) Sdn Bhd in 2007 and joined PLeather as the Administrative Manager in the same year where she is involved in the general administrative functions of the company. She is currently responsible for overseeing the purchasing functions of our Pecca Group, especially those in relation to vendor development for raw materials. These include leather and PVC raw materials, where she has extensive knowledge from her involvement in the leather industry for the past 20 years.

She also sits on the board of several private companies.

5.1.3 Significant Changes in the Promoters' and Substantial Shareholders' Shareholdings in Our Company

Save as disclosed below, there are no other significant changes in the shareholdings of our Promoters and substantial shareholders in our Company for the past three (3) years preceding the LPD:-

Promoters/ Substantial Shareholders	Date	No. of Shares		Balance Held				Reason for Change
		Allotment/ Acquisition	Transfer/ Disposal	Direct		Indirect		
				No. of Shares	%	No. of Shares	%	
Datin Sam Yin Thing	03.06.2014	-	1	1	50.00	-	-	Transfer
Datuk Teoh Hwa Cheng	16.11.2015	1	-	2	50.00	-	-	Subdivision
Datin Sam Yin Thing	16.11.2015	1	-	2	50.00	-	-	Subdivision
Datuk Teoh Hwa Cheng	17.11.2015	1	-	3	50.00	-	-	Allotment
Chong Swee Main	17.11.2015	1	-	1	16.67	-	-	Allotment
MRZ	01.12.2015	120,822,420	-	120,822,420	86.18	-	-	Acquisition of PLeather
Datuk Teoh Hwa Cheng	01.12.2015/ 01.12.2015	18,367,850	-	18,367,853	13.10	120,822,420	86.18	Acquisition of PLeather and Acquisition of PAviation
Datin Sam Yin Thing	01.12.2015	24,000	-	24,002	0.02	120,822,420	86.18	Acquisition of PAviation

5. INFORMATION ON PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.2 DIRECTORS

5.2.1 Particulars and Shareholdings of Directors

The details of the Directors of our Company and their respective shareholdings in our Company before and after the IPO are as follows:-

Name	Designation	^(a) No. of Shares Held Before the IPO				^(b) No. of Shares Held After the IPO			
		Direct	%	Indirect	%	Direct	%	Indirect	%
Dato' Mohamed Suffian bin Awang	Independent Non-Executive Chairman	-	-	-	-	^(c) 100,000	0.05	-	-
Datuk Teoh Hwa Cheng	Group Managing Director	18,367,853	13.10	^(d) 120,822,420	86.18	10,167,853	5.41	^(d) 85,692,420	45.58
Datin Sam Yin Thing	Executive Director	24,002	0.02	^(e) 120,822,420	86.18	24,002	0.01	^(e) 85,692,420	45.58
Tan Jin Sun	Executive Director	-	-	-	-	^(c) 450,000	0.24	-	-
Sam Chee Keng	Executive Director	-	-	-	-	^(c) 550,000	0.29	-	-
Dato' Dr Norraesah binti Haji Mohamad	Independent Non-Executive Director	-	-	-	-	^(c) 100,000	0.05	-	-
Leong Kam Weng	Independent Non-Executive Director	-	-	-	-	^(c) 100,000	0.05	-	-

Notes:-

- Based on the issued and paid-up share capital of 140,204,000 Shares after the Dividend Payment, Subdivision, Allotment and Acquisitions.
- Based on the enlarged issued and paid-up share capital of 188,000,000 Shares after the Public Issue.
- Includes their entitlements for the Pink Form Shares.
- Deemed interested by virtue of his substantial shareholding in MRZ pursuant to Section 6A of the Act.
- Deemed interested by virtue of her substantial shareholding in MRZ pursuant to section 6A of the Act.

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5. INFORMATION ON PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS AND KEY MANAGEMENT (Cont'd)**5.2.2 Profile of Directors**

Save for the profile of Datuk Teoh Hwa Cheng and Datin Sam Yin Thing which are set out in Section 5.1.2 of this Prospectus, the profiles of the other Directors are as follows:-

- (a) **Dato' Mohamed Suffian bin Awang**, aged 45, a Malaysian, was appointed as the Independent Non-Executive Director of Pecca on 3 December 2014. Subsequently, he was re-designated as the Independent Non-Executive Chairman on 4 February 2015. He obtained his Diploma in Public Administration and Bachelor of Law Degree from Universiti Teknologi Mara Shah Alam in 1992 and 1996 respectively. Upon completing his chambering, he joined Messrs Malek & Associates in 1996. After 4 years, he left Malek & Associates to join Messrs Mohd Mohtar & Co as a partner in 2000. He ceased legal practice in April 2010. He was appointed as Political Secretary to YAB Prime Minister of Malaysia and assumed his office in Putrajaya from 2010 to 2013. Presently, he is attached to Perumahan Rakyat 1 Malaysia (Pr1ma) as Vice President of the Chairman's Office, which he assumed since 2014. He is responsible to liaise between the management of Pr1ma and the Government to build and manage relationships with relevant stakeholders, key legislators and regulators in ensuring Pr1ma's needs and requirements are met, and to manage the co-ordination of Chairman's corporate activities in relation to Pr1ma's event and activities. Further, he is involved in the preparation and development of proposals involving special projects initiated by the Government Ministries and State Regulators for the Chairman's office. He is also the Independent Non-Executive Director of Felda Global Ventures Holdings Berhad.

He sits on the board of several private limited companies.

- (b) **Tan Jin Sun**, aged 47, a Malaysian, was appointed as the Executive Director of Pecca on 3 December 2014. He is also the Chief Executive Officer of PLeather. He obtained his Associate membership of the Chartered Institute of Management Accountants (CIMA) in 1996 and was admitted as the Chartered Accountant with the Malaysian Institute of Accountants in the same year.

He started his career in 1992 as an Accounts Executive with Zenmax Sdn Bhd, a gold jewellery manufacturing company before leaving the company in 1993 to join Eden Enterprise (M) Sdn Bhd, a restaurant chain operator in Penang as the Account Officer the same year. He was transferred to Eden Ferringhi Resort Sdn Bhd, which is involved in property development and promoted to the position of Accountant for the company in 1994. He left Eden Ferringhi Resort Sdn Bhd in 1996 and joined Law Consulting Services in the same year as Consulting Partner specialising in the area of accounting and management consulting services before leaving in 1997. In the same year in 1997, he joined Tagsteel Industries Sdn Bhd, a copper flake manufacturing company as the Group Finance Manager until he left in 2001. He joined Boon Koon Vehicles Industries Sdn Bhd as Finance Manager in 2001 and was promoted to the position of Group Financial Controller in April 2002 and later to Group General Manager in October 2002.

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5. INFORMATION ON PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS AND KEY MANAGEMENT (Cont'd)

He was extensively involved in the listing of the Boon Koon Group Berhad as he was fully involved in the financial and operational restructuring of the company, the selection and appointment of the working group, coordinating and liaising with the advisers and professionals involved in the listing exercise and preparation of the documentations for the listing applications to the relevant authorities. Boon Koon Group Berhad was successfully listed in 2004 and in the same year, he was promoted and assumed the position as the Group Chief Operating Officer before he left at the end of 2008. He joined LCL Group Berhad, an interior fit-out company in 2009 as the Group Chief Operating Officer and left in the same year in 2009 to assume the position as a Corporate Consultant in IAG Glove Technology Sdn Bhd, a newly set-up company venturing into the nitrile glove business in 2010. He advised and provided assistance to the company on matters relating to their dealings with venture capitalists and investors, financing of projects, cash flow management and preparation of documentations for presentation to the investors. He left in 2011 and joined Spirit Aerosystem (M) Sdn Bhd, an aero-structure company in May 2011 as the Finance Controller before he left in July 2011 to join PLeather as Chief Financial Officer in the same year. He was subsequently promoted to his present position as the Chief Executive Officer of PLeather in 2012 and is responsible to ensure the development of business operations that are efficient and effective, and proper management of organisation resources for the implementation of business strategies to achieve long term financial objectives to sustain the business of the Pecca Group.

- (c) **Sam Chee Keng**, aged 37, a Malaysian, was appointed as the Executive Director of Pecca on 3 December 2014. He is also the Executive Director of PLeather. He stopped schooling in 1996 after he completed his secondary 3 and started his career at Car Centre Cushion as a seat cover apprentice until 1997. He joined KK Best Leather Seat Sdn Bhd in 1997 as the Head of the R&D Department and was mainly responsible for the development of templates for leather seat covers. He left KK Best Leather Seat Sdn Bhd in 2000 to join PLeather and was appointed as an Executive Director. He was one of the pioneers in the R&D Department and was responsible for the preparation of pattern templates for seat covers, as well as the successful invention of the Smart Fit and Quick Fit seat cover products.
- (d) **Dato' Dr Norraesah binti Haji Mohamad**, aged 68, a Malaysian, is our Independent Non-Executive Director. She was appointed to our Board on 30 July 2015. She graduated with a Bachelor of Arts (Hons) Economics from University of Malaya in 1972. In 1982, she obtained her Masters in International Economics Relations from International Institute of Public Administration, France and Masters in International Economics and Finance from University of Paris I, Pantheon-Sorbonne, France. She further obtained a PhD (Economics Science) International Economics and International Finance from University of Paris I, Pantheon-Sorbonne, France in 1986.

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5. INFORMATION ON PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS AND KEY MANAGEMENT (*Cont'd*)

She has over forty three (43) years of working experience in the field of banking, finance, investment, international trade and commerce. She was with the Government of Malaysia from 1972 to 1988, serving the Ministry of Trade and Industry and the Ministry of Finance. In 1988, she left the public sector to join the private sector, starting with ESSO Production Malaysia Inc. She later assumed the position of Managing Director with Ishak Hamid and Associates Sdn Bhd, a consulting firm which provides financial and investment advisory services where she served from 1990 to 1992. She was later appointed as the Chief Representative of Credit Lyonnais Bank in Malaysia in 1991, a position she held until 1998. She was the Chairman of Bank Kerjasama Rakyat Malaysia from 2000 to 2003.

She is currently the Chairman of the World Islamic Businesswomen Network of the World Islamic Economic Forum ("**WIEF**") and sits on its Board of Trustees and is a member of the International Advisory Panel.

She was also a member of UMNO Supreme Council from 2000 to 2013. She was appointed as a Senator in 2005 and held the position until 2008.

She sits on the Board of Directors of My E.G. Services Berhad since 2006, where she holds the position of Executive Chairman. She also sits on the Board of Directors of Adventa Berhad, Malaysian Genomics Resource Centre Berhad and Utusan Melayu (Malaysia) Berhad, all of which are listed on Bursa Malaysia Securities Berhad. She also sits on the Board of Directors of several private limited companies.

- (e) **Leong Kam Weng**, aged 52, a Malaysian, is our Independent Non-Executive Director. He was appointed to our Board on 11 September 2014. He graduated with a Bachelor of Economics Degree in 1986 and a Bachelor of Law Degree in 1988, both from Monash University, Australia. He was admitted as a member of CPA Australia in 1988, advanced to the status of a Certified Practising Accountant of CPA Australia in 2003 and then further advanced to become a Fellow of CPA Australia in 2013. He is also a Chartered Accountant of the Malaysian Institute of Accountants since 2004. He is also a certified mediator on the panel of the Malaysian Mediation Centre since 2007. He was called to the Malaysian Bar in 1989 and was in legal practice for three (3) years, after which he joined TA Enterprise Berhad in 1992.

In February 1992, he joined TA Enterprise Berhad as the Group Legal Manager until 1995. He was the Vice President of International Division of TA Enterprise Berhad from November 1993 to October 1995. Between November 1995 and February 1997, he held the position of General Manager cum Director of Credit Leasing Corporation Sdn Bhd. He also held the post of Executive Director of TA Bank of Philippines, Inc from March 1997 to June 1998. During this period, he was also the Executive Director of TA Securities (Phil) Inc and TA Property Development Inc, the posts which he held in concurrence with the role in TA Bank of Philippines. He returned to Malaysia in 1998 upon being promoted to the position of Chief Executive Officer of TA Securities Berhad, the flagship company of the TA Group, where he served from June 1998 to July 1999. During his tenure with the TA Group, he was also appointed as a Director of various subsidiaries of the TA Group.

At the TA Group, he was involved in identifying and negotiating investment opportunities and acquisitions in the Asia-Pacific region including Hong Kong, Indonesia, the Philippines, Sri Lanka, India, Australia, Canada and South Africa.

Since 1999, he has been a Partner of the law firm, Messrs Iza Ng Yeoh & Kit.

5. INFORMATION ON PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS AND KEY MANAGEMENT (Cont'd)

He sits on the Board of Directors, Audit Committee, Nomination Committee and Remuneration Committee of TA Enterprise Berhad and TA Global Berhad, which are listed on Bursa Securities. He also sits on the Board of Directors of Xin Hwa Holdings Berhad, which is listed on Bursa Securities.

He is also a director of several non-listed public companies namely, Asian Outreach (M) Berhad, Pusat Penyayang KSKA and Tokio Marine Life Insurance Malaysia Berhad.

5.2.3 Directors' Remuneration and Benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to the Directors of our Company for services rendered in all capacities to our Group for the FYE 2015 and FYE 2016 are set out below in bands of RM50,000:-

	FYE 2015			Proposed for FYE 2016		
	Remuneration Band (RM)			Remuneration Band (RM)		
Dato' Mohamed Suffian bin Awang	50,000	-	100,000	50,000	-	100,000
Datuk Teoh Hwa Cheng	550,000	-	600,000	550,000	-	600,000
Datin Sam Yin Thing	200,000	-	250,000	200,000	-	250,000
Tan Jin Sun	350,000	-	400,000	350,000	-	400,000
Sam Chee Keng	300,000	-	350,000	300,000	-	350,000
Dato' Dr Norraesah binti Haji Mohamad	50,000	-	100,000	50,000	-	100,000
Leong Kam Weng	50,000	-	100,000	50,000	-	100,000

Save as disclosed above and in Sections 2.3.1(b), 5.2.1 and 5.8 of this Prospectus, there are no other amounts/ benefits paid or intended to be paid or given to any of our Company's Promoters, substantial shareholders and/or Directors, within the two (2) years preceding the date of this Prospectus.

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5. INFORMATION ON PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.2.4 Principal Directorships in Other Corporations for the Past Five (5) Years and Principal Business Activities Performed Outside Our Group

Save as disclosed below, our Directors do not have any principal directorship or any principal business activities performed outside our Group in other corporations for the past five (5) years prior to the LPD.

(a) Dato' Mohamed Suffian bin Awang

No.	Company	Position	Principal Activities
<u>Current Directorships and Shareholdings</u>			
1.	Strands Engineering Sdn Bhd	Director and shareholder	Engineering services, electrical wiring and fittings, wholesale of a variety of goods without any particular specialisation N.E.C.
2.	Wawasan Fajar Suria Sdn Bhd	Director and shareholder	Construction
<u>Current Directorships</u>			
1.	Asas Watan Sdn Bhd	Director	Plantation
2.	Felda Global Ventures Holdings Berhad	Director	Investment holding company with investments primarily in oil palm plantation and its related downstream activities, sugar refining, manufacturing, logistics and others
3.	Koperasi Permodalan Sukarelawan Kuala Lumpur Berhad (KOPSUKA Co-operative)	Director	Co-operative
4.	Perbadanan Nasional Berhad	Director	Investment holding in properties, equities, money markets and funds
<u>Current Shareholdings</u>			
1.	Emerging Network Sdn Bhd	Shareholder (Resigned as Director on 30.03.2015)	Information technology general trading
2.	Natural Batik Village Sdn Bhd	Shareholder	Wholesale and distributing of batik apparels, souvenir items and accessories. Manufacturing of batik textiles
<u>Past Directorships and Shareholdings</u>			
1.	Lestari Sinaria Sdn Bhd	Director and shareholder	Dissolved on 08.08.2011
2.	Spektra Kembara Sdn Bhd	Director and shareholder	Dissolved on 08.08.2011
3.	Riess Jaya Sdn Bhd	Director and shareholder	Dissolved on 10.08.2011

5. INFORMATION ON PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS AND KEY MANAGEMENT (Cont'd)

No.	Company	Position	Principal Activities
<u>Past Directorships</u>			
1.	Yayasan Minda Kebangsaan	Director (Resigned on 28.12.2011)	To enhance the equitable rights among the Malaysian citizens, through the empowerment of life of the citizens in general and a person with need and disabilities in particular in the field of education and human development, to promote the enhancement of standards of child in general and the individual with special needs and disabilities in particular by supporting the establishment and management of model facilities, to be a centre of excellence the special need in the fields of education and human development of individuals with special needs and disability
2.	Bukit Mengapur Sdn Bhd	Director (Resigned on 28.10.2015)	Dormant since its incorporation on 11.02.2011 (intended business is the investment holdings of mining and resources related businesses)
3.	Kenanga Mahir Sdn Bhd	Director	Dissolved on 06.05.2014
<u>Past Shareholdings</u>			
1.	MY Gemilang Sdn Bhd	Shareholder (Ceased to be a shareholder in 2015)	Developer, camp training, general trading.

(b) Datuk Teoh Hwa Cheng

No.	Company	Position	Principal Activities
<u>Current Directorships and Shareholdings</u>			
1.	KT Universal Venture Sdn Bhd	Director and shareholder	Trading in various kinds of car seat leather cover and windscreen tint
2.	MRZ	Director and shareholder	Investment holding in private equity solely to invest in Pecca
3.	MRZ Car Seat Sdn Bhd	Director and shareholder	Engaged in installation of car seats – ceased operations with effect from 1 February 2015 and will proceed with the lodgement application for the striking off upon liquidation of all assets and liabilities. Further details are disclosed in item no. (2) in Section 7.1.2 of this Prospectus
4.	THC LHoldings	Director and shareholder	Investment holding in properties.
5.	Tint Auto (M) Sdn Bhd	Director and shareholder	Trading in various kinds of car windscreen tint and building window tint
6.	Carrestyler (Carr) Sdn Bhd	Director and shareholder	Dormant since its incorporation on 03.05.2011 (intended business in the provision of car tinting film related services)

5. INFORMATION ON PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS AND KEY MANAGEMENT (Cont'd)

No.	Company	Position	Principal Activities
7.	Gaya Tempo Sdn Bhd	Director and shareholder	Dormant since its incorporation on 14.05.2008 – in the process of being struck off via lodgement of application dated 28.05.2014
8.	MRZ Car Seat (Penang) Sdn Bhd	Director and shareholder	Dormant since October 2010 – in the process of being struck off via lodgement of application dated 14.03.2014
9.	Seatcoverpro	Director and shareholder	Dormant since its incorporation on 11.02.2009 (intended business is to generate royalty income)
10.	Tjoy Synergy Sdn Bhd	Director and shareholder	Dormant since its incorporation on 04.07.2013 – in the process of being struck off via lodgement of application dated 09.01.2015
<u>Current Directorships</u>			
1.	Tint Auto Marketing Sdn Bhd	Director	Trading in all kinds of car windscreen tint, spare parts and car accessories
<u>Current Shareholdings</u>			
1.	Golden Regal Restaurant Sdn Bhd	Shareholder	Restaurant operator
<u>Past Directorships and Shareholdings</u>			
1.	Hawk View Sdn Bhd	Director and shareholder	Dormant since its incorporation on 03.05.2011 (intended business in property investments – resigned as Director and disposed off to Chiam Boon Chong on 05.03.2015 respectively)
2.	Omicrast Manufacturers Sdn Bhd	Director and shareholder	Dormant since March 2000 (previously involved in the manufacturing of small leather goods - resigned as Director and disposed off to Chiam Boon Chong 23.03.2015 respectively)
3.	Pecca World Sdn Bhd	Director and shareholder	Dormant since its incorporation on 06.08.2010 - struck off on 19.03.2015
4.	Weber Resources Sdn Bhd	Director and shareholder	Dissolved on 07.02.2014
<u>Past Directorships</u>			
1.	Fortson Sdn Bhd	Director (Resigned on 15.09.2011)	Property developer
2.	Regamaz Sdn Bhd	Director (Resigned on 03.07.2012)	Retail and wholesale of car accessories
3.	Jaya Mapan Sdn Bhd	Director (Resigned on 12.12.2012)	Carry on the business activities as properties developer
4.	THC Auto	Director (Resigned on 19.03.2015)	Trading and installing of motor vehicle spare parts and accessories, and providing related services
5.	Pulangan Elit Sdn Bhd	Director (Resigned on 04.04.2011)	Dormant since its incorporation on 22.07.2004 (intended business is in property investment and development)