

## 12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

### (vi) Material Capital expenditure and divestment

Save as disclosed below, our Group does not have any material capital expenditure and divestment for the past four (4) years.

#### Material Capital Expenditure

| Investment                 | ----- Audited ----- |              |                     |            |            | Method of Financing       |
|----------------------------|---------------------|--------------|---------------------|------------|------------|---------------------------|
|                            | FYE 2012            | FYE 2013     | FYE 2014            | FYE 2015   | As at LPD  |                           |
|                            | RM'000              | RM'000       | RM'000              | RM'000     | RM'000     |                           |
| Freehold land and building | -                   | -            | 12,794              | 44         | 645        | -                         |
| Motor vehicles             | 976                 | 239          | -                   | -          | -          | Hire Purchase             |
| Computer                   | 6                   | 15           | 94                  | 139        | 2          | Internal                  |
| Plant and machinery        | -                   | -            | 20                  | 76         | -          | Internal                  |
| Furniture and fittings     | 9                   | 6            | 226                 | 8          | -          | Internal                  |
| Security systems           | -                   | -            | 81                  | -          | -          | Internal                  |
| Air-conditioners           | -                   | 7            | -                   | -          | -          | Internal                  |
| Office equipment           | 4                   | 11           | 25                  | -          | 17         | Internal                  |
| Renovation                 | -                   | 35           | 147                 | -          | -          | Internal                  |
| Work in progress           | 4,172               | 7,208        | -( <sup>(1)</sup> ) | -          | -          | Internal and Fixed Loan 1 |
|                            | <b>5,167</b>        | <b>7,521</b> | <b>13,387</b>       | <b>267</b> | <b>664</b> |                           |

Note:

<sup>(1)</sup> The work in progress is in respect of a building under construction, which has been completed in February 2014, RM12.794 million has been transferred to freehold land and building.

#### Divestment

| Divestment                 | ----- Audited ----- |              |          |           |           |
|----------------------------|---------------------|--------------|----------|-----------|-----------|
|                            | FYE 2012            | FYE 2013     | FYE 2014 | FYE 2015  | As at LPD |
|                            | RM'000              | RM'000       | RM'000   | RM'000    | RM'000    |
| Freehold land and building | -                   | 5,991        | -        | -         | -         |
| Motor vehicles             | -                   | -            | -        | -         | -         |
| Computer                   | -                   | -            | -        | -         | -         |
| Furniture and fittings     | -                   | -            | -        | 6         | -         |
| Security System            | -                   | -            | -        | -         | -         |
| Air-conditioner            | -                   | -            | -        | 7         | -         |
| Office equipment           | -                   | 2            | -        | 2         | -         |
| Renovation                 | -                   | -            | -        | -         | -         |
|                            | -                   | <b>5,993</b> | -        | <b>15</b> | -         |

## 12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

Our Group capital expenditure was mainly concentrated on the construction of the building and disposal of two (2) units of freehold land and building. The construction of the building was in respect of the new warehouse in order to increase inventory level to meet customer's need.

All material capital expenditure and divestment of our Group are in relation to our assets in Malaysia.

### (vii) Material capital commitments

As at 31 December 2015, our Board confirms that there are no material capital commitments incurred or known to be incurred by our Group that has not been provided for, which upon becoming enforceable, may have a material impact on our financial results/position.

### (viii) Material Contingent Liabilities

As at LPD, save as disclosed in the table below, our Board is not aware of any material contingent liability, which in the opinion of our Board, will or may substantially affect our financial results or position upon becoming enforceable.

The balance of Arbitration Claim by SGV Builders Sdn Bhd against Dancomech Engineering as at LPD is as below:

|   | RM'000           |
|---|------------------|
| Audited contingent liability as at 31 December 2015                   | 1,401,170        |
| <i>Less:</i>  |                  |
| <i>Adjudication amount paid to SGV Builders Sdn Bhd<sup>(1)</sup></i> | <i>(890,451)</i> |
| <b>Contingent liability</b>   | <b>510,719</b>   |

*Note:*

<sup>(1)</sup> *Further details of the claims by SGV Builders Sdn Bhd are set out in Section 15.4.*

### (ix) Material litigation, claims or arbitration

As at LPD, our company is engaged in litigation proceedings as defendant as highlighted in Section 15.4. Our Board does not foresee any material and adverse effect from the said proceedings on the business or financial position of our Company or our Group.

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## 12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

### (x) Key financial ratios

The key financial ratios of our Group are as follows:

|  | <----- Audited -----> |                     |                     |                     |
|--|-----------------------|---------------------|---------------------|---------------------|
|  | FYE 2012              | FYE 2013            | FYE 2014            | FYE 2015            |
| Trade receivables turnover (days) <sup>(1)</sup> | 93                    | 106                 | 125                 | 119                 |
| Trade payable turnover (days) <sup>(2)</sup>     | 46                    | 69                  | 107                 | 100                 |
| Inventory turnover (days) <sup>(3)</sup>         | 121                   | 119                 | 147                 | 183                 |
| Current ratio (times)                            | 2.55 <sup>(4)</sup>   | 1.65 <sup>(4)</sup> | 3.58 <sup>(4)</sup> | 4.59 <sup>(6)</sup> |
| Gearing ratio (times)                            | 0.00 <sup>(5)</sup>   | 0.00 <sup>(5)</sup> | 0.13 <sup>(5)</sup> | 0.11 <sup>(7)</sup> |

Notes:

- (1) Based on average balance of trade receivables divided by revenue and multiplied by 365 days.
- (2) Based on average balance of trade payables divided by cost of sales and multiplied by 365 days.
- (3) Based on average balance of inventories divided by cost of sales and multiplied by 365 days.
- (4) Based on the current assets and current liabilities of our Group before consolidation of shares, acquisition of remaining equity interest in Dancomech JB, declaration of dividends, the Public Issue and utilisation of proceeds.
- (5) Based on the borrowings of our Group divided by the shareholders' funds of our Group which comprises the share capital of Dancomech before consolidation of shares, acquisition of remaining 30% equity interest in Dancomech JB, declaration of dividends, the Public Issue and utilisation of proceeds.
- (6) Based on the current assets and current liabilities of our Group after consolidation of shares, acquisition of remaining equity interest in Dancomech JB, declaration of dividends but before the Public Issue and utilisation of proceeds.
- (7) Based on the borrowings of our Group divided by the shareholders' funds of our Group which comprises the share capital of Dancomech after consolidation of shares, acquisition of remaining 30% equity interest in Dancomech JB, declaration of dividends but before the Public Issue and utilisation of proceeds.

### Trade Receivables

The normal credit period generally granted by our Group to our customers is between 30 days to 90 days. Our credit terms to customers are assessed and approved on a case-by-case basis, taking into consideration various factors such as relationship with customers, customers' payment history and creditworthiness while new customers are subject to our credit verification process. Our trade receivables turnover period for the past four (4) years has maintained in the range between 93 days to 125 days, which is in line with the industry average. As compared to FYE 2014, the decrease in trade receivables turnover from 125 days to 119 days was mainly due to improvement in collection during the FYE 2015.

We have a credit control committee to oversee the operation of credit control including credit checks on all our new customers. Additionally, the committee sets and/or reviews credit limits for each of our customers and subsequently monitor collection performance from these customers which will be reported in periodic meetings held together with our Directors.

We have not experienced any instances of bad debts for the financial years under review, save for RM17,600 for FYE 2013, RM53,621 for FYE 2014 and RM18,660 for the financial period up to LPD. Our Group will assess the impairment of trade receivables on individual customer basis and impair trade receivable balances which have been outstanding for more than twelve (12) months.

## 12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

The trade receivables turnover period is higher for the FYE 2014, which is 125 days. This was mainly due to higher trade receivables balances as a result of delay of payment from a customer as a result of the change of technical specifications by the end user whereby the customer returned all the affected Valves to the supplier for modification. However, our Group shares a long term relationship with our customers and has not encountered any significant difficulties in the collection of receivables.

As at 31 December 2015, the net trade receivables of our Group amounted to approximately RM20.51 million which can be analysed as follows:

|  | Within<br>Credit<br>Period<br>(30 to 90<br>days) | <----- Exceeding Credit Period (days) -----> |         |         |          |          | Total  |
|--|--|--|---------|---------|----------|----------|--------|
|  |  | 0 – 30                                       | 31 – 60 | 61 – 90 | 91 – 120 | Over 120 |        |
| Trade receivables (RM'000)                                 | 5,397  | 5,689  | 2,998   | 2,310   | 850      | 3,583    | 20,827 |
| Less: Impairment of loss (RM'000)                          | -  | -  | -       | -       | -        | (317)    | (317)  |
| Net trade receivables (RM'000)                             | 5,397  | 5,689  | 2,998   | 2,310   | 850      | 3,266    | 20,510 |
| % of total trade receivables                               | 26.31  | 27.74  | 14.62   | 11.26   | 4.14     | 15.93    | 100.00 |
| Subsequent collections as at LPD (RM'000)                  | 4,103  | 2,817  | 2,767   | 2,226   | 401      | 2,484    | 14,798 |
| Trade receivables net of subsequent collections (RM'000)   | 1,294  | 2,872  | 231     | 84      | 449      | 782      | 5,712  |
| % of total trade receivables net of subsequent collections | 22.66  | 50.28  | 4.04    | 1.47    | 7.86     | 13.69    | 100.00 |
| % of trade receivables with subsequent collections         | 76.02  | 49.52  | 92.29   | 96.36   | 47.18    | 76.06    | 72.15  |

As at LPD, we have collected approximately RM14.80 million of the total trade receivables outstanding as at 31 December 2015. We have collected RM10.70 million or 70.77% of the amount exceeding the normal credit period. Our Directors are of the opinion that the trade receivables net of subsequent collection exceeding the credit period (net of provision for doubtful debts) of RM4.42 million are recoverable after taking into consideration the long term relationship with most of these customers and the various credit control measures implemented by us to minimise the incidence of customers default.

## 12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

### Trade Payables

The normal credit terms granted to our Group by our suppliers ranges between 30 days to 90 days. Our Group believes that the timely settlement of our trade payables will benefit our Group for more favourable pricings from our suppliers. The timely settlement will also enhance our Group's relationship and reputation with these suppliers.

The trade payables turnover period ranged from approximately 46 days to 107 days during the financial years under review. For the FYE 2012 and 2013, the trade payables turnover period is 46 days and 69 days respectively. The trade payables turnover period for the FYE 2014 and FYE 2015 was 107 days and 100 days respectively. The increase in FYE 2014 was due to a back-to-back arrangement with an overseas supplier whereby settlement had only taken place after our Group collected its debts from the related customers.

As at 31 December 2015, the trade payables of our Group amounted to approximately RM10.33 million which can be analysed as follows:

|                           | Within Credit Period | <-- Exceeding Credit Period (days)--> |          |          | Total  |
|---------------------------|----------------------|---------------------------------------|----------|----------|--------|
|                           | (30 to 90 days)      | 0 – 90                                | 91 – 180 | Over 180 |        |
| Trade payables (RM'000)   | 7,731                | 2,337                                 | 63       | 197      | 10,328 |
| % of total trade payables | 74.85                | 22.63                                 | 0.61     | 1.91     | 100    |

As at LPD, all trade payables outstanding are within the credit period granted by our suppliers, save for RM0.03 million which are over the credit terms granted by our suppliers.

### Inventories

Our Group's inventories turnover ranged between 119 days to 183 days for the past four (4) years, which is in line with the industry average. The inventories turnover period remain at approximately 121 and 119 days for the FYE 2012 and FYE 2013. The increase in the inventories turnover period to 147 days for the FYE 2014 was mainly arising from the cancellation of purchase order from an Indonesian customer due to the delay in delivery by the supplier. As these are common products sold by our Group, we decide to keep the stocks as inventories. For the FYE 2015, the inventories turnover period has increased to approximately 183 days which was mainly caused by the drop in sales volume during the FYE 2015.

Our inventory aging as at 31 December 2015 is tabulated below:

| Age of Inventory (Days) | Inventory Levels (RM'000) | %             |
|-------------------------|---------------------------|---------------|
| 0 – 30                  | 6,579                     | 27.85         |
| 31 – 60                 | 2,757                     | 11.67         |
| 61 – 365                | 7,748                     | 32.80         |
| > 365                   | 6,539                     | 27.68         |
| <b>Total</b>            | <b>23,623</b>             | <b>100.00</b> |

Our Group will assess the allowances for slow moving or obsolete inventories which have no movement for more than twelve (12) months. The Board will constantly review the sales of our products and endeavour to stock up on sellable items.

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**12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)**

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**Current ratio**

Our Group's current ratio for the past four (4) years was at a healthy level between 1.65 times to 4.59 times, which reflects our Group's ability to meet our debts as and when they become due, with surplus working capital. The surplus working capital comprise mainly of trade receivables as well as cash and cash equivalent which are easily convertible to cash. Our Group's current ratio fluctuated for the past four (4) years was mainly due to the increase in our cash and cash equivalents.

**Gearing ratio**

Our Group's gearing ratio is relatively low within the range of 0.00 times to 0.13 times. This ratio shows that we are predominantly financed by equity with minimal reliance on borrowings for a significant proportion of our capital requirement.

**12.2.11 Trend analysis**

The following discussion regarding industry trends includes forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those projected in these forward-looking statements.

For the financial years under review up to LPD, our Board has observed the following trends based on the sales and operations of our Group:

- (a) Revenue will be supported by our continued efforts in sales and marketing, as well as building distribution presence to capitalise on existing and potential growth of market demand for PCE and Measurement Instruments.
- (b) Overall gross profit margin is on a declining trend due to lower profit margin on large purchase orders and competitive selling price being offered to our customers in order to maintain our revenue in the current market conditions.
- (c) Normal and recurring administrative expenses as well as selling and distribution expense grew indirectly with revenue increases in the past four (4) years, and are generally expected to indirectly increase in tandem with the growth of our Group's business.

Save as disclosed above, our Directors are not aware of any circumstances which would result in significant adverse fluctuations of our gross profit margins.

As at LPD, save as disclosed in this Prospectus and to the best of our Board's knowledge and belief, our operations have not been and are not expected to be affected by any of the following:

- (a) other known trends, demands, commitments, events or uncertainties that have had or that we expect to have, a material favourable or unfavourable impact on our Group's financial performance, position, operations and liquidity and capital resources other than those discussed in this section, Sections 4, 6 and 7;
- (b) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position;
- (c) material commitments for capital expenditure; and
- (d) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, positions and operations of our Group.

## 12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

### 12.3 CAPITALISATION AND INDEBTEDNESS

The following information shall be read in conjunction with the Reporting Accountants' Letter on Pro Forma Consolidated Statements of Financial Position and Accountants' Report set out in Sections 11.2 and 13 respectively.

The following table shows our Group's cash and cash equivalents, capitalisation and indebtedness:

- (i) based on our pro forma FYE 2015; and
- (ii) as adjusted for the proceeds arising from our IPO.

|  | As at<br>31 December 2015 <sup>(1)</sup><br>RM'000 | Adjusted <sup>(2)</sup><br>RM'000 |
|--|--|-----------------------------------|
| Fixed deposits placed with licensed banks                  | 6,231  | 6,231                             |
| Cash and bank balances                                     | 21,674   | 26,317                            |
|  | 27,905   | 32,548                            |
| <b>Indebtedness</b>  |  |                                   |
| <b><u>Short term borrowings (Due within 12 months)</u></b> |  |                                   |
| • Term loans   | 223  | 223                               |
| • Finance lease liabilities                                | 117  | 117                               |
| <b><u>Long term borrowings (Due after 12 months)</u></b>   |  |                                   |
| • Term loans   | 7,872  | 3,315                             |
| • Finance lease liabilities                                | 56   | 56                                |
| <b>Total indebtedness</b>                                  | 8,268  | 3,711                             |
| <b>Total shareholders' equity</b>                          | 74,234   | 90,739                            |
| <b>Total capitalisation and indebtedness</b>               | 82,502   | 94,450                            |
| <b>Gearing ratio (times)<sup>(3)</sup></b>                 | 0.11   | 0.04                              |

Notes:

- <sup>(1)</sup> Based on the Accountants' Report after consolidation of shares but before the Public Issue and utilisation of proceeds.
- <sup>(2)</sup> Incorporates the effects of the Listing Scheme.
- <sup>(3)</sup> Total interest bearing indebtedness divided by total shareholders' equity.

Our Group's indebtedness is fully denominated in RM. The indebtedness shown in the table above is guaranteed, secured and interest-bearing in nature.

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**12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)**

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**12.4 ORDER BOOK**

The nature of our Group's business is such that we receive purchase orders from our customers with specifications and quantity required. We do not enter into any long term contract with our customers.

**12.5 IMPACT OF INFLATION**

Like any other business, we are subject to the effect of inflation, however it has had no material impact on our Group's historical financial results for the past four (4) years.

**12.6 DIVIDEND POLICY**

Investors should take note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our Company's future dividends, which are subject to our Board's absolute discretion. Our ability to declare dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. In this regard, we envisage a dividend payout ratio of up to 30% of our future net profits of our Group to our shareholders in each financial year.

Our Board will consider the following factors that they currently intend to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends:

- (i) The level of cash and level of indebtedness;
- (ii) Required and expected interest expense, cash flow, our profits and return on equity and retained earnings;
- (iii) Our expected results of operations and future level of operations; and
- (iv) Our projected levels of capital expenditure and other investment plans.

The payment and amount of any dividends and distributions to our shareholders will be at the discretion of our Board and will depend on factors stated above. There can be no assurance as to whether dividend distribution will occur as intended, the amount of dividend payment or timing of such payment.

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13. ACCOUNTANTS' REPORT



Date: 27 May 2016

The Board of Directors  
Dancomech Holdings Berhad  
No. 19, Jalan Pelukis U1/46  
Seksyen U1  
40150 Shah Alam  
Selangor Darul Ehsan

**SJ Grant Thornton** (AF:0737)  
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Dear Sirs,

**ACCOUNTANTS' REPORT**

We set out below our report on the financial information (“the Financial Information”) of Dancomech Holdings Berhad (“the Company” or “Dancomech”) and its subsidiaries (collectively “the Group” or “Dancomech Group”), for inclusion in the prospectus of the Company in connection with the initial public offering (“IPO”) of shares of the Company and the listing and quotation of the shares of the Company (“Listing”) on the Main Market of Bursa Malaysia Securities Berhad. The Financial Information comprises the combined statements of financial position of the Group as at 31 December 2013 and 31 December 2014, the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 31 December 2013 and 31 December 2014, the consolidated statement of financial position of the Group as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year ended 31 December 2015, and a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 66.

The Financial Information has been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards (“IFRSs”).

*Directors' Responsibility*

The Directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with MFRSs and IFRSs. The responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of the Financial Information that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

*Reporting accountants' Responsibility*

For the Financial Information for each of the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015, our responsibility is to express an opinion on the Financial Information based on our examination. We have carried out independent audit procedures on the Financial Information for each of the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 in accordance with approved standards on auditing in Malaysia and have examined the Financial Information and carried out additional procedures as are necessary.

13. ACCOUNTANTS' REPORT (Cont'd)

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*Opinion on financial information*

In our opinion, the Financial Information for each of the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 gives a true and fair view of the combined financial position of the Group as at 31 December 2013 and 31 December 2014 and consolidated financial position of the Group as at 31 December 2015 and of their combined financial performance and cash flows for the financial years ended 31 December 2013 and 31 December 2014 and consolidated financial performance and cash flows for the financial year ended 31 December 2015 in accordance with MFRSs and IFRSs.

*Other matters*

This report is issued for sole purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia in connection with the IPO and Listing on the Main Market of Bursa Securities and should not be relied upon for any other purposes. Therefore, this report is not appropriate in other jurisdiction and should not be used or relied upon for any other purpose other than the IPO and Listing described in the foregoing. We accept no duty or responsibility to and deny any liability to any party in respect of any use of or reliance on, this report in connection with any type of transaction, including the sale of securities other than the IPO and Listing.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'SJ Grant Thornton', written over a horizontal line.

SJ GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

A handwritten signature in black ink, appearing to be 'Ooi Poh Lim', written over a horizontal line.

O OI POH LIM  
(NO.: 3087/10/17 (J))  
CHARTERED ACCOUNTANT

## 13. ACCOUNTANTS' REPORT (Cont'd)



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**STATEMENTS OF FINANCIAL POSITION AS AT  
31 DECEMBER 2013, 31 DECEMBER 2014 AND 31 DECEMBER 2015**

|   | <u>Note</u> | <u>2015</u><br>RM        | <u>2014</u><br>RM        | <u>2013</u><br>RM        |
|---|-------------|--------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                                       |             |                          |                          |                          |
| <b>Non-current assets</b>                           |             |                          |                          |                          |
| Property, plant and equipment                       | 5           | 25,297,409               | 25,761,990               | 24,575,322               |
| Deferred tax assets                                 | 6           | -                        | 143,000                  | 228,000                  |
| Total non-current assets                            |             | <u>25,297,409</u>        | <u>25,904,990</u>        | <u>24,803,322</u>        |
| <b>Current assets</b>                               |             |                          |                          |                          |
| Inventories   | 7           | 23,623,242               | 23,053,702               | 18,475,878               |
| Trade receivables                                   | 8           | 20,509,531               | 24,154,185               | 30,092,863               |
| Other receivables                                   | 9           | 671,188                  | 1,325,219                | 430,032                  |
| Tax recoverable                                     |             | 43,727                   | 49,750                   | 88,916                   |
| Fixed deposits with licensed banks                  | 10          | 6,231,422                | 8,469,996                | 7,482,002                |
| Cash and bank balances                              | 10          | 21,674,169               | 12,298,644               | 9,028,930                |
| Total current assets                                |             | <u>72,753,279</u>        | <u>69,351,496</u>        | <u>65,598,621</u>        |
| <b>TOTAL ASSETS</b>                                 |             | <u><u>98,050,688</u></u> | <u><u>95,256,486</u></u> | <u><u>90,401,943</u></u> |
| <b>EQUITY AND LIABILITIES</b>                       |             |                          |                          |                          |
| <b>EQUITY</b>                                       |             |                          |                          |                          |
| <b>Equity attributable to owners of the Company</b> |             |                          |                          |                          |
| Share capital                                       | 11          | 50,000,000               | 50,000,000               | 5,610,050                |
| Merger deficit                                      | 12          | (41,477,141)             | (41,477,141)             | -                        |
| Other reserve                                       | 12          | (9,110)                  | -                        | -                        |
| Retained earnings                                   | 12          | 65,177,125               | 58,290,077               | 44,263,045               |
|   |             | <u>73,690,874</u>        | <u>66,812,936</u>        | <u>49,873,095</u>        |
| Non-controlling interests                           |             | <u>543,092</u>           | <u>536,177</u>           | <u>388,242</u>           |
| Total equity  |             | <u>74,233,966</u>        | <u>67,349,113</u>        | <u>50,261,337</u>        |

## 13. ACCOUNTANTS' REPORT (Cont'd)



**STATEMENTS OF FINANCIAL POSITION AS AT 31  
DECEMBER 2013, 31 DECEMBER 2014 AND 31 DECEMBER 2015 (CONT'D)**

|  | <u>Note</u> | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|--|-------------|-------------------|-------------------|-------------------|
| <b>EQUITY AND LIABILITIES<br/>(CONT'D)</b> |             |                   |                   |                   |
| <b>LIABILITIES</b>                         |             |                   |                   |                   |
| <b>Non-current liabilities</b>             |             |                   |                   |                   |
| Borrowings                                 | 13          | 7,871,900         | 8,384,751         | -                 |
| Deferred tax liabilities                   | 6           | 21,900            | 7,000             | 6,000             |
| Finance lease liabilities                  | 14          | 56,494            | 169,023           | 281,026           |
| Total non-current liabilities              |             | <u>7,950,294</u>  | <u>8,560,774</u>  | <u>287,026</u>    |
| <b>Current liabilities</b>                 |             |                   |                   |                   |
| Trade payables                             | 15          | 10,328,295        | 15,124,660        | 15,168,514        |
| Other payables                             | 16          | 4,418,385         | 2,485,027         | 22,034,303        |
| Finance lease liabilities                  | 14          | 116,725           | 112,003           | 108,179           |
| Amount due to holding company              | 17          | -                 | 194,500           | -                 |
| Amount due to Directors                    | 18          | 407,640           | 611,190           | 200,000           |
| Amount due to a shareholder                | 19          | 203,550           | -                 | -                 |
| Borrowings                                 | 13          | 223,273           | 200,596           | -                 |
| Tax payable                                |             | 168,560           | 618,623           | 2,342,584         |
| Total current liabilities                  |             | <u>15,866,428</u> | <u>19,346,599</u> | <u>39,853,580</u> |
| Total liabilities                          |             | <u>23,816,722</u> | <u>27,907,373</u> | <u>40,140,606</u> |
| <b>TOTAL EQUITY AND<br/>LIABILITIES</b>    |             | <u>98,050,688</u> | <u>95,256,486</u> | <u>90,401,943</u> |

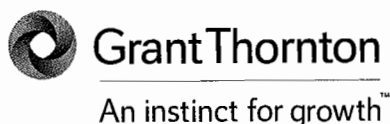
## 13. ACCOUNTANTS' REPORT (Cont'd)



**STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2013, 31  
DECEMBER 2014 AND 31 DECEMBER 2015**

|   | <u>Note</u> | <u>2015</u><br>RM   | <u>2014</u><br>RM   | <u>2013</u><br>RM   |
|---|-------------|---------------------|---------------------|---------------------|
| Revenue   | 20          | 68,253,318          | 79,000,587          | 83,190,345          |
| Cost of sales   |             | <u>(46,593,549)</u> | <u>(51,467,041)</u> | <u>(53,314,268)</u> |
| Gross profit  |             | 21,659,769          | 27,533,546          | 29,876,077          |
| Other income  |             | 1,932,775           | 495,878             | 9,017,904           |
| Selling and distribution expenses                                 |             | (442,123)           | (1,445,282)         | (1,195,906)         |
| Administration expenses   |             | (6,752,891)         | (5,949,715)         | (5,246,590)         |
| Other expenses  |             | (903,372)           | (1,154,148)         | (426,305)           |
| Finance costs   |             | <u>(145,774)</u>    | <u>(154,690)</u>    | <u>(21,706)</u>     |
| Profit before tax   | 21          | 15,348,384          | 19,325,589          | 32,003,474          |
| Tax expense   | 22          | <u>(4,138,531)</u>  | <u>(5,150,622)</u>  | <u>(6,129,217)</u>  |
| Profit for the financial years                                    |             | 11,209,853          | 14,174,967          | 25,874,257          |
| Other comprehensive income,<br>net of tax                         |             | <u>-</u>            | <u>-</u>            | <u>-</u>            |
| Total comprehensive income for<br>the financial years, net of tax |             | <u>11,209,853</u>   | <u>14,174,967</u>   | <u>25,874,257</u>   |
| Profit for the financial years<br>attributable to:-               |             |                     |                     |                     |
| Owners of the Company   |             | 10,987,048          | 14,027,032          | 25,791,782          |
| Non-controlling interests   |             | <u>222,805</u>      | <u>147,935</u>      | <u>82,475</u>       |
|   |             | <u>11,209,853</u>   | <u>14,174,967</u>   | <u>25,874,257</u>   |

## 13. ACCOUNTANTS' REPORT (Cont'd)



**STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2013, 31  
DECEMBER 2014 AND 31 DECEMBER 2015 (CONT'D)**

|  | <u>Note</u> | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|--|-------------|-------------------|-------------------|-------------------|
| Total comprehensive income for the financial years, net of tax attributable to:- |             |                   |                   |                   |
| Owners of the Company  |             | 10,987,048        | 14,027,032        | 25,791,782        |
| Non-controlling interests  |             | 222,805           | 147,935           | 82,475            |
|  |             | <u>11,209,853</u> | <u>14,174,967</u> | <u>25,874,257</u> |
| <b>Earnings per share attributable to owners of the Company</b>                  |             |                   |                   |                   |
| -Basic   | 23          | <u>0.09</u>       | <u>0.11</u>       | <u>0.21</u>       |
| -Diluted   | 23          | <u>-</u>          | <u>-</u>          | <u>-</u>          |



Company No. 1050285-U

## 13. ACCOUNTANTS' REPORT (Cont'd)

STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2013, 31 DECEMBER 2014 AND 31 DECEMBER 2015

|  | Attributable to owners of the Company |                     |                                    |                                    |                              | Total equity RM     |
|--|---------------------------------------|---------------------|------------------------------------|------------------------------------|------------------------------|---------------------|
|  | Share capital RM                      | Merger deficit RM   | Non-distributable Other reserve RM | Distributable Retained earnings RM | Non-controlling interests RM |                     |
| <b>Balance as at 1 January 2013</b>                    | 610,000                               | -                   | -                                  | 50,058,763                         | 418,267                      | 51,087,030          |
| Total comprehensive income for the financial year      | -                                     | -                   | -                                  | 25,791,782                         | 82,475                       | 25,874,257          |
| <u>Transactions with owners:-</u>                      |                                       |                     |                                    |                                    |                              |                     |
| At date of incorporation of the Company                | 50                                    | -                   | -                                  | 50                                 | -                            | 50                  |
| Subscription to new issuance of shares in a subsidiary | -                                     | -                   | -                                  | -                                  | 90,000                       | 90,000              |
| Issuance of shares by a subsidiary                     | 5,000,000                             | -                   | -                                  | 5,000,000                          | -                            | 5,000,000           |
| Dividends paid to owners                               | -                                     | -                   | -                                  | (31,587,500)                       | -                            | (31,587,500)        |
| Dividends paid on non-controlling interest             | -                                     | -                   | -                                  | -                                  | (202,500)                    | (202,500)           |
| <b>Total transactions with owners</b>                  | <b>5,000,050</b>                      | <b>-</b>            | <b>-</b>                           | <b>(31,587,500)</b>                | <b>(112,500)</b>             | <b>(26,699,950)</b> |
| <b>Balance as at 31 December 2013</b>                  | <b>5,610,050</b>                      | <b>-</b>            | <b>-</b>                           | <b>44,263,045</b>                  | <b>388,242</b>               | <b>50,261,337</b>   |
| Total comprehensive income for the financial year      | -                                     | -                   | -                                  | 14,027,032                         | 147,935                      | 14,174,967          |
| <u>Transactions with owners:-</u>                      |                                       |                     |                                    |                                    |                              |                     |
| Issuance of shares by a subsidiary                     | 3,300,000                             | -                   | -                                  | 3,300,000                          | -                            | 3,300,000           |
| Issuance of shares by the Company                      | 49,999,950                            | -                   | -                                  | 49,999,950                         | -                            | 49,999,950          |
| Arising from merger                                    | (8,910,000)                           | (41,477,141)        | -                                  | (50,387,141)                       | -                            | (50,387,141)        |
| <b>Total transactions with owners</b>                  | <b>44,389,950</b>                     | <b>(41,477,141)</b> | <b>-</b>                           | <b>2,912,809</b>                   | <b>-</b>                     | <b>2,912,809</b>    |
| <b>Balance as at 31 December 2014</b>                  | <b>50,000,000</b>                     | <b>(41,477,141)</b> | <b>-</b>                           | <b>58,290,077</b>                  | <b>536,177</b>               | <b>67,349,113</b>   |

## 13. ACCOUNTANTS' REPORT (Cont'd)

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2013, 31 DECEMBER 2014 AND 31 DECEMBER 2015 (CONT'D)

Attributable to owners of the Company

|   | Share capital<br>RM | Non-distributable       |                        | Distributable<br>Retained<br>earnings<br>RM | Total<br>RM | Non-controlling<br>interests<br>RM | Total<br>equity<br>RM |
|---|---------------------|-------------------------|------------------------|---|-------------|------------------------------------|-----------------------|
|   |                     | Merger<br>deficit<br>RM | Other<br>reserve<br>RM |   |             |                                    |                       |
| Balance as at 31 December 2014  | 50,000,000          | (41,477,141)            | -                      | 58,290,077                                  | 66,812,936  | 536,177                            | 67,349,113            |
| Total comprehensive income for the financial year                       | -                   | -                       | -                      | 10,987,048                                  | 10,987,048  | 222,805                            | 11,209,853            |
| Transactions with owners:-  |                     |                         |                        |   |             |                                    |                       |
| Premium paid on acquisition of non-controlling interest                 | -                   | -                       | (9,110)                | -   | (9,110)     | -                                  | (9,110)               |
| Dividends paid to owners  | -                   | -                       | -                      | (4,100,000)                                 | (4,100,000) | -                                  | (4,100,000)           |
| Dividend paid on non-controlling interest                               | -                   | -                       | -                      | -   | -           | (135,000)                          | (135,000)             |
| Acquisition of shares in a subsidiary from the non-controlling interest | -                   | -                       | -                      | -   | -           | (80,890)                           | (80,890)              |
| Total transactions with owners  | -                   | -                       | (9,110)                | (4,100,000)                                 | (4,109,110) | (215,890)                          | (4,325,000)           |
| Balance as at 31 December 2015  | 50,000,000          | (41,477,141)            | (9,110)                | 65,177,125                                  | 73,690,874  | 543,092                            | 74,233,966            |





## 13. ACCOUNTANTS' REPORT (Cont'd)



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**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2013, 31 DECEMBER 2014 AND**  
**31 DECEMBER 2015**

|   | <u>Note</u> | <u>2015</u> | <u>2014</u> | <u>2013</u>  |
|---|-------------|-------------|-------------|--------------|
|   |             | RM          | RM          | RM           |
| <b>OPERATING ACTIVITIES</b>                                       |             |             |             |              |
| Profit before tax   |             | 15,348,384  | 19,325,589  | 32,003,474   |
| <b>Adjustments for:-</b>  |             |             |             |              |
| Allowance for impairment losses on trade receivables              |             | 181,501     | 404,548     | 37,534       |
| Bad debts written off   |             | -           | 53,621      | 17,600       |
| Depreciation of property, plant and equipment                     |             | 690,802     | 571,117     | 381,795      |
| Property, plant and equipment written off                         |             | 28,846      | 26,351      | 1,250        |
| Inventories written down  |             | 291,137     | 266,353     | 271,026      |
| Interest expenses   |             | 145,774     | 154,690     | 21,706       |
| Loss/(Gain) on disposal of property, plant and equipment          |             | 1,757       | -           | (8,438,721)  |
| Reversal of inventories written down                              |             | (477,535)   | (875,557)   | -            |
| Writeback of allowance for impairment losses on trade receivables |             | (306,078)   | -           | (157,610)    |
| Unrealised gain on foreign exchange                               |             | (486,806)   | (124,933)   | (73,130)     |
| Interest income   |             | (166,611)   | (160,945)   | (206,426)    |
| Operating profit before working capital changes                   |             | 15,251,171  | 19,640,834  | 23,858,498   |
| <b>Changes in working capital:-</b>                               |             |             |             |              |
| Inventories   |             | (383,142)   | (3,968,620) | (2,447,769)  |
| Payables  |             | (3,082,562) | (500,626)   | 12,596,264   |
| Receivables   |             | 4,799,154   | 4,152,985   | (11,940,110) |
| Related party   |             | -           | -           | 16,451       |
| Cash generated from operations                                    |             | 16,584,621  | 19,324,573  | 22,083,334   |
| Interest paid   |             | (131,618)   | (140,906)   | (5,229)      |
| Tax paid  |             | (4,498,031) | (6,776,344) | (5,749,249)  |
| Tax refund  |             | 73,360      | 26,927      | 5,436        |
| Net cash from operating activities                                |             | 12,028,332  | 12,434,250  | 16,334,292   |

## 13. ACCOUNTANTS' REPORT (Cont'd)



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**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2013, 31 DECEMBER 2014 AND**  
**31 DECEMBER 2015 (CONT'D)**

|   | <u>Note</u> | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|---|-------------|-------------------|-------------------|-------------------|
| <b>INVESTING ACTIVITIES</b>   |             |                   |                   |                   |
| Purchase of property, plant and equipment   | A           | (267,093)         | (1,784,136)       | (7,377,515)       |
| Proceeds from disposal of property, plant and equipment   | B           | 10,269            | -                 | 31,500            |
| Proceeds from non-controlling interest in subscription of new issuance of shares in a subsidiary (Placement)/Withdrawal of fixed deposits |             | -                 | -                 | 90,000            |
| Interest received   |             | (17,845)          | 3,520,258         | (2,509,478)       |
|   |             | 166,611           | 160,945           | 206,426           |
| Net cash (used in)/from investing activities  |             | (108,058)         | 1,897,067         | (9,559,067)       |
| <b>FINANCING ACTIVITIES</b>   |             |                   |                   |                   |
| (Repayment to)/Advances from holding company  |             | (194,500)         | 194,500           | -                 |
| Advances from Directors   |             | -                 | 411,190           | -                 |
| Proceeds from issuance of shares  | C           | -                 | -                 | 50                |
| Repayment to a related party  |             | -                 | -                 | (176,987)         |
| Repayment of borrowings   |             | (490,174)         | (414,653)         | (85,160)          |
| Repayment of finance lease liabilities  |             | (107,807)         | (108,179)         | (94,754)          |
| Placement of pledged fixed deposits   |             | (45,327)          | (1,716,136)       | -                 |
| Acquisition of a subsidiary   |             | (90,000)          | (387,191)         | -                 |
| Drawdown of borrowings  |             | -                 | 9,000,000         | -                 |
| Dividends paid  | D           | (4,100,000)       | (15,500,000)      | (3,590,000)       |
| Interest paid   |             | (14,156)          | (13,784)          | (16,477)          |
| Net cash used in financing activities   |             | (5,041,964)       | (8,534,253)       | (3,963,328)       |
| <b>CASH AND CASH EQUIVALENTS</b>  |             |                   |                   |                   |
| Net changes   |             | 6,878,310         | 5,797,064         | 2,811,897         |
| Translation differences   |             | 195,469           | 264,766           | 17,602            |
| Brought forward   |             | 18,492,611        | 12,430,781        | 9,601,282         |
| Carried forward   | 10          | 25,566,390        | 18,492,611        | 12,430,781        |

## 13. ACCOUNTANTS' REPORT (Cont'd)



**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2013, 31 DECEMBER 2014 AND  
31 DECEMBER 2015 (CONT'D)**

**NOTES TO STATEMENTS OF CASH FLOWS**

|   | <u>Note</u> | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|---|-------------|-------------------|-------------------|-------------------|
| <b>A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT</b>               |             |                   |                   |                   |
| Total purchase of property, plant and equipment                   |             | 267,093           | 1,784,136         | 7,521,515         |
| Less: Acquisition by means of finance lease liabilities           |             | -                 | -                 | (144,000)         |
| Total cash paid   |             | <u>267,093</u>    | <u>1,784,136</u>  | <u>7,377,515</u>  |
| <b>B. PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT</b> |             |                   |                   |                   |
| Sales proceed from disposal of property, plant and equipment      |             | 10,269            | -                 | 14,431,500        |
| Less: Settlement by way of dividends offset                       | D           | -                 | -                 | (14,400,000)      |
| Total cash received   |             | <u>10,269</u>     | <u>-</u>          | <u>31,500</u>     |
| <b>C. PROCEEDS FROM ISSUANCE OF SHARES</b>                        |             |                   |                   |                   |
| Issuance of shares  |             | -                 | 53,299,950        | 5,000,050         |
| Add: Acquisition of a subsidiary                                  |             | -                 | 387,191           | -                 |
| Less: Merger of subsidiaries                                      |             | -                 | (8,910,000)       | -                 |
| Settlement by way of dividends offset                             | D           | -                 | (3,300,000)       | (5,000,000)       |
| Merger deficit  |             | -                 | (41,477,141)      | -                 |
| Total proceeds from issuance of shares                            |             | <u>-</u>          | <u>-</u>          | <u>50</u>         |

## 13. ACCOUNTANTS' REPORT (Cont'd)



**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2013, 31 DECEMBER 2014 AND  
31 DECEMBER 2015 (CONT'D)**

**NOTES TO STATEMENTS OF CASH FLOWS (CONT'D)**

|   | <u>Note</u> | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|---|-------------|-------------------|-------------------|-------------------|
| <b>D. DIVIDENDS PAID</b>  |             |                   |                   |                   |
| Dividends declared to owners  |             | 4,100,000         | -                 | 31,587,500        |
| Dividends declared to<br>non - controlling interest                 |             | 135,000           | -                 | 202,500           |
| Add: Unpaid balances brought<br>forward                             |             | -                 | 18,800,000        | -                 |
| Less: Proceeds from disposal of<br>property, plant and<br>equipment | B           | -                 | -                 | (14,400,000)      |
| Unpaid balances carried<br>forward                                  |             | -                 | -                 | (8,800,000)       |
| Proceeds from issuance of<br>shares                                 | C           | -                 | (3,300,000)       | (5,000,000)       |
| Payables  |             | (135,000)         | -                 | -                 |
| <b>Total dividends paid</b>   |             | <b>4,100,000</b>  | <b>15,500,000</b> | <b>3,590,000</b>  |

## 13. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE FINANCIAL INFORMATION– 31 DECEMBER 2013, 31 DECEMBER 2014 AND 31 DECEMBER 2015

### 1. GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 19, Jalan Pelukis U1/46, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.

The ultimate holding company is ABC Equity Sdn. Bhd., a company incorporated and domiciled in Malaysia.

The principal activities of the companies within the Group are disclosed in Note 2 to the Financial Information.

There have been no significant changes in the nature of these activities of the Company and of the companies within the Group during the financial years then ended.

### 2. THE REORGANISATION

A reorganisation exercise was undertaken by the Group to rationalise and streamline the business operations and corporate structure for an initial public offering (“the Reorganisation”). The following steps were undertaken in the reorganisation exercise:-

On 24 August 2000, Dancomech Engineering Sdn. Bhd. (“DESB”) was incorporated by Aik Swee Tong, Aik Cwo Shing, Wong Chiau Siew, Aik Hui Luan, Aik Ai Kok, Aik Seng Kah, Lim Cheng Huat, Aik Kwo Liang, Chan Chop Tong @ Aik Chop Tong and domiciled in Malaysia to involve in the business in trading and distribution of process control equipment and measurement instruments.

On 3 September 2008, Optimis Engineering Sdn. Bhd. (“OESB”) was incorporated by Aik Cwo Shing and Chang Soo Hong and domiciled in Malaysia to involve in the business in trading and distribution of process control equipment and measurement instruments to the water industry.

On 18 May 2009, Aik Cwo Shing transferred his entire share in OESB to Dancovest (M) Sdn. Bhd. (“Dancovest”) which was owned by Aik Hui Luan, Aik Ai Kok, Wong Chiau Siew, Aik Swee Tong, Aik Cwo Shing, Aik Seng Kah, Chan Chop Tong @ Aik Chop Tong, Aik Kwo Liang, Aik Hui Chyn and Lim Cheng Huat and OESB increased its issued and paid share capital to 200,000 ordinary shares of RM1.00 each, resulting in Dancovest (50%), Chang Soo Hong (40%) and Eastech Systems Sdn. Bhd. (“Eastech”) (10%) as the shareholders.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 2. THE REORGANISATION (CONT'D)

On 30 July 2010, Eastech sold its shares to Dancovest and Chang Soo Hong in equal proportions, resulting in Dancovest and Chang Soo Hong holding 55% and 45% equity interest in OESB respectively.

On 20 October 2010, ABC Equity Sdn. Bhd. ("ABC") was incorporated by Hasniza binti Wazer and Andalh A/P Chellamuthu and domiciled in Malaysia to engage as an investment holding company.

On 19 January 2011, Hasniza binti Wazar and Andalh A/P Chellamuthu transferred their entire shares in ABC to Aik Swee Tong and Aik Cwo Shing.

On 1 March 2013, Aik Swee Tong, Aik Cwo Shing, Aik Hui Luan, Aik Ai Kok, Wong Chiau Siew, Aik Seng Kah, Chan Chop Tong @ Aik Chop Tong, Aik Kwo Liang, Aik Hui Chyn, Chang Soo Hong and Sim Kee Hock became shareholders of ABC by subscribing 98 ordinary shares of RM1.00 each in ABC.

On 29 March 2013, ABC became a shareholder of DESB by subscribing 4,999,998 ordinary shares of RM1.00 in DESB.

On 23 May 2013, Dancomech Engineering (JB) Sdn. Bhd. ("DEJB") was incorporated by DESB and Koo Chai Chin and domiciled in Malaysia to involve in the business in trading and distribution of process control equipment and measurement instruments in Johor.

On 17 June 2013, Dancomech was incorporated by Yong Voon Kian and Hoo Yan Hui and domiciled in Malaysia to engage as an investment holding company.

On 26 August 2014, Chang Soo Hong and Sim Kee Hock transferred their entire shares in ABC to Aik Swee Tong and Aik Cwo Shing.

On 11 September 2014, Dancomech acquired the entire equity interest in DESB, 55% of the equity interest in OESB and 70% of the equity interest in DEJB by way of shares swap and cash consideration.

On 24 September 2014, Yong Voon Kian and Hoo Yan Hui transferred their entire shares in Dancomech to ABC.

On 30 June 2015, Dancomech acquired the remaining equity interest of 30% in DEJB by way of cash consideration.

As a result of the above Reorganisation, Aik Hui Luan, Aik Ai Kok, Wong Chiau Siew, Aik Swee Tong, Aik Cwo Shing, Aik Seng Kah, Chan Chop Tong @ Aik Chop Tong, Aik Kwo Liang, Aik Hui Chyn and ABC controlled 100% of Dancomech.

## 13. ACCOUNTANTS' REPORT (Cont'd)

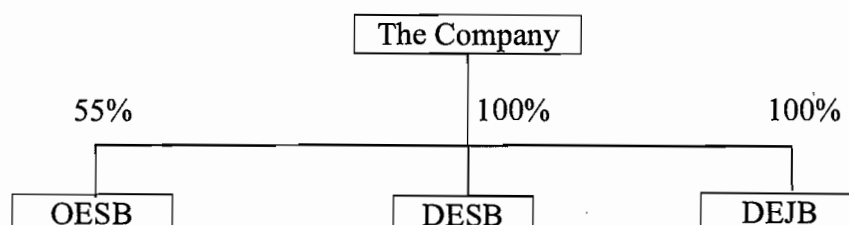


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## 2. THE REORGANISATION (CONT'D)

The Group Structure is as follow after the above reorganisation:-



The Group is regarded as a continuing entity resulting from the Reorganisation since the management of all the entities which took major part in the Reorganisation were controlled by the substantially same Directors and under substantially same major shareholders before and immediately after the Reorganisation. Consequently, immediately after the Reorganisation, there was a continuation of the control over the entities' financial and operating policy decisions and risks and benefits to the ultimate shareholder that existed prior to the Reorganisation. The Reorganisation has been accounted for as a reorganisation under common control in a manner similar to pooling of interests. Accordingly, the Financial Information for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 has been prepared on the basis of merger accounting and comprise the financial statements of the subsidiaries which were under common control of the ultimate shareholder and Directors that existed prior to the Reorganisation during the relevant periods or since their respective dates of incorporation.

## 3. BASIS OF PREPARATION

## 3.1 Statement of Compliance

The Financial Information of the Group has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

## 3.2 Basis of Measurement

The Financial Information of the Group has been prepared under the historical cost convention.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## 3.3 Functional and Presentation Currency

The Financial Information is presented in Ringgit Malaysia ("RM") which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 3. BASIS OF PREPARATION (CONT'D)

## 3.4 MFRSs

## 3.4.1 Standards Issued and Effective

Initial application of the relevant new and revised MFRSs is not expected to have any material impact on the Financial Information of the Group.

## 3.4.2 Standards Issued But Not Yet Effective

At the date of this Financial Information, certain new standards, amendments and interpretations to existing standards have been published by the Malaysian Accounting Standards Board ("MASB") but are not yet effective, and have not been early adopted by the Group.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's Financial Information is provided below. Certain other new standards and interpretations that have been issued but are not expected to have a material impact to the Group's Financial Information.

**MFRS 9 Financial Instruments**

MFRS 9 is issued during the financial year, which reflects all phases of the financial instrument project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of MFRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transaction.

The Group is currently examining the financial impact of adopting MFRS 9.

**MFRS 15 Revenue from Contracts with Customers**

MFRS 15 presents new requirements for the recognition of revenue, replacing the guidance of MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Int 13 Customer Loyalty Programmes, IC Int 15 Agreements for Construction of Real Estate, IC Int 18 Transfers of Assets from Customers and IC Int 131 Revenue – Barter Transaction Involving Advertising Services. The principles in MFRS 15 provide a more structured approach to measuring and recognising revenue. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.



## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 3. BASIS OF PREPARATION (CONT'D)

## 3.4 MFRSs (cont'd)

## 3.4.2 Standards Issued But Not Yet Effective (cont'd)

**MFRS 15 Revenue from Contracts with Customers (cont'd)**

The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standards on the required effective date.

## 3.5 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the Financial Information. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

## 3.5.1 Estimation Uncertainty

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

**Useful Lives of Depreciable Assets**

The management estimates the useful lives of the property, plant and equipment to be within 3 to 50 years and reviews the useful lives of depreciable assets at each reporting date. The management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in an adjustment to the Group's assets.

The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 5 to the Financial Information.

The management expects that the expected useful lives of property, plant and equipment would not have material difference from the management's estimation hence it would not result in material variance in the Group's profit for the financial years.

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 3. BASIS OF PREPARATION (CONT'D)

## 3.5 Significant Accounting Estimates and Judgements (cont'd)

## 3.5.1 Estimation Uncertainty (cont'd)

**Deferred Tax Assets**

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying value of deferred tax assets of the Group at the reporting date was RMNil (2014: RM143,000 and 2013: RM228,000) as disclosed in Note 6 to the Financial Information. If the taxable profits of the subsidiary differ by 1% due to the change in estimated of the subsidiary's future results from operating activities, the Group's deferred tax assets will vary by RMNil (2014: RM1,430 and 2013: RM2,280).

**Income Taxes/Deferred Tax Liabilities**

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

**Inventories**

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

**Impairment of Loans and Receivables**

The Group assesses at end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 3. BASIS OF PREPARATION (CONT'D)

## 3.5 Significant Accounting Estimates and Judgements (cont'd)

## 3.5.1 Estimation Uncertainty (cont'd)

**Impairment of Loans and Receivables (cont'd)**

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

## 3.5.2 Significant Management Judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the Financial Information.

**Leases**

In applying the classification of leases in MFRS 117, management considers some of its leases of motor vehicles as finance lease arrangements. The lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership, whether the lease term is for the major part of the economic life of the asset even if title is not transferred and others in accordance with MFRS 117 Leases.

**Deferred Tax Assets**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The Group applies the significant accounting policies, as summarised below, consistently throughout all periods presented in the Financial Information, unless otherwise stated.

## 4.1 Basis of Consolidation

## 4.1.1 Consolidation

The Financial Information of the Group includes the audited financial information of the Company and all of its subsidiaries made up to the end of the financial year.

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.1 Basis of Consolidation (cont'd)

## 4.1.1 Consolidation (cont'd)

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the Financial Information reflects external transactions and balances only. The results of subsidiaries acquired or disposal of during the financial year are included in or excluded from the combined profit or loss from the effective date in which control is transferred to the Group or in which control ceases respectively.

The Financial Information of the Group for the financial years ended 31 December 2013 and 31 December 2014 was prepared in manner similar to the "pooling of interest" method or merger method. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidary relationships were not established.

## 4.1.2 Common Control Business Combination Outside The Scope of MFRS 3

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, and accordingly the accounting principles are used to include the assets, liabilities, results equity changes and cash flows of the combining entities in the Financial Information.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting years in which the common control combination occurs, and for any comparative years disclosed, are included in the Financial Information of the combined entity as if the combination had occurred from the date when the combining entities first came under the control of the controlling party or parties prior to the common control combination.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognised the assets, liabilities and equity of the combining entities or business at the carrying amounts in the Financial Information of the controlling party or parties to the common control combination.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.1 Basis of Consolidation (cont'd)

## 4.1.2 Common Control Business Combination Outside The Scope of MFRS 3 (cont'd)

The carrying amounts are included as if such Financial Information had been prepared by the controlling party, including adjustments required for conforming the combined entity's accounting policies and applying those policies to all years presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the Financial Information of the combined entity.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The combined assets and liabilities are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On combination, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other reserves.

## 4.1.3 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

## 4.1.4 Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of the equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.1 Basis of Consolidation (cont'd)

## 4.1.4 Loss of Control (cont'd)

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as the equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

## 4.1.5 Non-controlling Interests

Non-controlling interests are presented within equity in the statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of the other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests are the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

## 4.1.6 Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

## 4.2 Property, Plant and Equipment

All property, plant and equipment are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.2 Property, Plant and Equipment (cont'd)

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful life. Freehold land with an infinite life is not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

|                        |        |
|------------------------|--------|
| Freehold buildings     | 2%     |
| Motor vehicles         | 20%    |
| Computer               | 33.33% |
| Plant and machinery    | 20%    |
| Furniture and fittings | 10%    |
| Security systems       | 10%    |
| Air-conditioners       | 10%    |
| Office equipment       | 10%    |
| Renovation             | 20%    |

The residual values, useful life and depreciation method are reviewed at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

## 4.3 Capital Work-in-progress

Capital work-in-progress represents progress payments made towards the acquisition of land and building and related capital assets which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost and will be transferred to the relevant category of long-term assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct costs and related expenditure.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.4 Financial Instruments

**Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

**Financial Assets – Categorisation and Subsequent Measurement**

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

- a) loans and receivables;
- b) financial assets at fair value through profit or loss;
- c) held-to-maturity investments; and
- d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each end of the reporting period. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criterias to determine impairment are applied for each category of financial assets.

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

At the reporting date, the Group has not designated any financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity investments. The Group carries only loans and receivables on their statements of financial position.



## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.4 Financial Instruments (cont'd)

**Financial Assets – Categorisation and Subsequent Measurement (cont'd)**Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's cash and cash equivalents, trade and most of other receivables fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

**Financial Liabilities – Categorisation and Subsequent Measurement**

After the initial recognition, financial liability is classified as financial liability at fair value through profit or loss, other financial liabilities are measured at amortised cost using the effective interest method.

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

At the reporting date, the Group has not designated any financial liabilities at fair value through profit or loss. The Group carries only other financial liabilities measured at amortised cost on their statements of financial position.

Other Financial Liabilities Measured At Amortised Cost

The Group's other financial liabilities include borrowings, finance lease liabilities, trade and other payables.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.4 Financial Instruments (cont'd)

**Offsetting of Financial Instruments**

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

## 4.5 Impairment of Assets

## 4.5.1 Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**Financial Assets Carried At Amortised Cost**

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continue to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.5 Impairment of Assets (cont'd)

## 4.5.1 Financial Assets (cont'd)

**Financial Assets Carried At Amortised Cost (cont'd)**

The carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. Loans together with the associated provision are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent financial year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the provision account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

## 4.5.2 Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases on its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.5 Impairment of Assets (cont'd)

## 4.5.2 Non-financial Assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

## 4.6 Inventories

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

The cost of inventories comprises the original cost of purchase price and incidental costs incurred in bringing the inventories to their present location and condition. Cost is generally determined on a weighted average basis.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make sale. Write-down to net realisable value and inventory losses are recognised as an expense when it occurred and any reversal is recognised in profit or loss in the period in which it occurs.

## 4.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, short term demand deposits, deposits with licensed banks and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## 4.8 Equity, Reserves and Distribution to Owners

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period retained earnings.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.8 Equity, Reserves and Distribution to Owners (cont'd)

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Company reviews the carrying amount of the dividend payable recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Company are recorded separately within equity.

## 4.9 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provision are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.10 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

**Finance Leases**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

**Operating Lease**

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.11 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

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

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

## 4.12 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

**Sale of Goods**

Revenue relating to sale of goods is recognised net of sales returns and discount upon the transfer of significant risk and rewards of ownership of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

**Rental Income**

Rental income is recognised on accrual basis unless collectibility is in doubt.

**Interest Income**

Interest income is recognised in the profit or loss on time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

## 13. ACCOUNTANTS' REPORT (Cont'd)

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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.13 Tax Expense

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

**Current Tax**

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

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

**Deferred Tax**

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

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

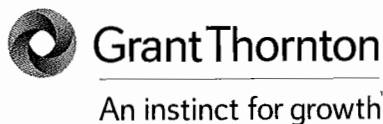
Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.



## 13. ACCOUNTANTS' REPORT (Cont'd)



## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.14 Employee Benefits Expense

**Short Term Benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

**Defined Contribution Plan**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

## 4.15 Earnings Per Ordinary Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company based on the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company based on the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares during the period.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.16 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

## 4.17 Contingencies

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

## 4.18 Foreign Currency Conversion

The Financial Information of the Group is presented in RM, the currency of the primary economic environment in which the Group operates (its functional currency).

In preparing the Financial Information of the Group, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the financial year.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.19 Related Parties

A related party is a person or entity that is related to the entity that is preparing its Financial Information ("the reporting entity"). A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the reporting entity if that person:-

- (i) Has control or joint control over the reporting entity;
- (ii) Has significant influence over the reporting entity; or
- (iii) Is a member of the key management personnel of the reporting entity.

(b) An entity is related to the reporting entity if any of the following conditions applies:-

- (i) The entity and the reporting entity are members of the same group;
- (ii) One entity is an associate or joint venture of the reporting entity;
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the same third entity;
- (v) The entity is a post-employment benefit plan for the benefits of employees of the reporting entity.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above;
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity; or
- (viii) The entity or any member of a group of which it is a party, provides key management personnel services to the reporting entity.

## 4.20 Goods and Services Tax ("GST")

GST is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Group paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:-

- Where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

13. ACCOUNTANTS' REPORT *(Cont'd)*

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4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.20 **Goods and Services Tax ("GST") (cont'd)**

The net amount of GST recoverable from, or payable to, the customs is included as part of receivables or payables in the statements of financial position.



Company No. 1050285-U

## 13. ACCOUNTANTS' REPORT (Cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT

| Cost                            | Freehold land RM | Freehold buildings RM | Motor vehicles RM | Computer RM | Plant and machinery RM | Furniture and fittings RM | Security systems RM | Air-conditioners RM | Office equipment RM | Renovation RM | Capital work-in-progress RM | Total RM    |
|---------------------------------|------------------|-----------------------|-------------------|-------------|------------------------|---------------------------|---------------------|---------------------|---------------------|---------------|-----------------------------|-------------|
| At 1.1.2013                     | 14,006,263       | 4,876,690             | 1,643,063         | 195,273     | 82,700                 | 180,676                   | 10,948              | 20,720              | 74,543              | 242,185       | 4,394,657                   | 25,729,718  |
| Additions                       | -                | -                     | 239,480           | 14,846      | -                      | 5,910                     | -                   | 6,960               | 10,550              | 35,394        | 7,208,375                   | 7,521,515   |
| Disposals                       | (2,091,345)      | (4,876,690)           | (61,000)          | -           | -                      | -                         | -                   | -                   | (3,980)             | -             | -                           | (7,033,015) |
| Written off                     | -                | -                     | -                 | -           | -                      | -                         | -                   | -                   | (7,500)             | -             | -                           | (7,500)     |
| At 31.12.2013                   | 11,914,918       | -                     | 1,823,543         | 210,119     | 82,700                 | 186,586                   | 10,948              | 27,680              | 73,613              | 277,579       | 11,603,032                  | 26,210,718  |
| Additions                       | -                | -                     | -                 | 94,379      | 20,000                 | 226,450                   | 32,781              | -                   | 24,764              | 146,632       | 1,239,130                   | 1,784,136   |
| Written off                     | -                | -                     | -                 | (84,342)    | -                      | (28,203)                  | (10,948)            | (20,720)            | (15,369)            | (242,185)     | -                           | (401,767)   |
| Reclassification                | -                | 12,794,431            | -                 | -           | -                      | -                         | 47,731              | -                   | -                   | -             | (12,842,162)                | -           |
| At 31.12.2014                   | 11,914,918       | 12,794,431            | 1,823,543         | 220,156     | 102,700                | 384,833                   | 80,512              | 6,960               | 83,008              | 182,026       | -                           | 27,593,087  |
| Additions                       | -                | 43,867                | -                 | 139,136     | 76,490                 | 7,600                     | -                   | -                   | -                   | -             | -                           | 267,093     |
| Disposals                       | -                | -                     | -                 | -           | -                      | (5,910)                   | -                   | (6,960)             | (1,800)             | -             | -                           | (14,670)    |
| Written off                     | -                | -                     | -                 | -           | -                      | -                         | -                   | -                   | (11,310)            | (35,394)      | -                           | (46,704)    |
| At 31.12.2015                   | 11,914,918       | 12,838,298            | 1,823,543         | 359,292     | 179,190                | 386,523                   | 80,512              | -                   | 69,898              | 146,632       | -                           | 27,798,806  |
| <b>Accumulated depreciation</b> |                  |                       |                   |             |                        |                           |                     |                     |                     |               |                             |             |
| At 1.1.2013                     | -                | 952,332               | 705,083           | 183,217     | 53,695                 | 133,272                   | 9,678               | 17,784              | 27,857              | 217,169       | -                           | 2,300,087   |
| Charge for the financial year   | -                | 24,383                | 299,822           | 11,135      | 8,980                  | 16,676                    | 635                 | 1,021               | 7,363               | 11,780        | -                           | 381,795     |
| Disposals                       | -                | (976,715)             | (61,000)          | -           | -                      | -                         | -                   | -                   | (2,521)             | -             | -                           | (1,040,236) |
| Written off                     | -                | -                     | -                 | -           | -                      | -                         | -                   | -                   | (6,250)             | -             | -                           | (6,250)     |
| At 31.12.2013                   | -                | -                     | 943,905           | 194,352     | 62,675                 | 149,948                   | 10,313              | 18,805              | 26,449              | 228,949       | -                           | 1,635,396   |
| Charge for the financial year   | -                | 188,515               | 270,251           | 28,235      | 12,275                 | 31,204                    | 6,197               | 879                 | 6,949               | 26,612        | -                           | 571,117     |
| Written off                     | -                | -                     | -                 | (84,342)    | -                      | (22,502)                  | (10,472)            | (18,698)            | (11,197)            | (228,205)     | -                           | (375,416)   |
| At 31.12.2014                   | -                | 188,515               | 1,214,156         | 138,245     | 74,950                 | 158,650                   | 6,038               | 986                 | 22,201              | 27,356        | -                           | 1,831,097   |
| Charge for the financial year   | -                | 256,439               | 261,504           | 72,118      | 25,648                 | 26,066                    | 8,051               | 290                 | 8,410               | 32,276        | -                           | 690,802     |
| Disposals                       | -                | -                     | -                 | -           | -                      | (1,022)                   | -                   | (1,276)             | (346)               | -             | -                           | (2,644)     |
| Written off                     | -                | -                     | -                 | -           | -                      | -                         | -                   | -                   | (4,881)             | (12,977)      | -                           | (17,858)    |
| At 31.12.2015                   | -                | 444,954               | 1,475,660         | 210,363     | 100,598                | 183,694                   | 14,089              | -                   | 25,384              | 46,655        | -                           | 2,501,397   |



13. ACCOUNTANTS' REPORT (Cont'd)

**PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

| Net carrying amount | Freehold land RM | Freehold buildings RM | Motor vehicles RM | Computer RM | Plant and machinery RM | Furniture and fittings RM | Security systems RM | Air-conditioners RM | Office equipment RM | Renovation RM | Capital work-in-progress RM | Total RM   |
|---------------------|------------------|-----------------------|-------------------|-------------|------------------------|---------------------------|---------------------|---------------------|---------------------|---------------|-----------------------------|------------|
| At 31.12.2015       | 11,914,918       | 12,393,344            | 347,883           | 148,929     | 78,592                 | 202,829                   | 66,423              | -                   | 44,514              | 99,977        | -                           | 25,297,409 |
| At 31.12.2014       | 11,914,918       | 12,605,916            | 609,387           | 81,911      | 27,750                 | 226,183                   | 74,474              | 5,974               | 60,807              | 154,670       | -                           | 25,761,990 |
| At 31.12.2013       | 11,914,918       | -                     | 879,638           | 15,767      | 20,025                 | 36,638                    | 635                 | 8,875               | 47,164              | 48,630        | 11,603,032                  | 24,575,322 |

The motor vehicles of the Group with a total net carrying amount of RM24,082 (2014: RM41,082 and 2013: RM65,218) are being held in trust by a Director and a person connected to a Director of the subsidiary.

The freehold land and buildings of the Group have been pledged to a license bank as security for banking facilities granted to the Group.

The motor vehicles with the carrying amount of RM260,209 (2014: RM467,750 and 2013: RM644,296) of the Group respectively are acquired under finance lease arrangement.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 6. DEFERRED TAX LIABILITIES/(ASSETS)

|   | <u>Assets</u><br>RM | <u>Liabilities</u><br>RM | <u>Net</u><br>RM  |
|---|---------------------|--------------------------|-------------------|
| At 1.1.2013   | -                   | 44,700                   | 44,700            |
| Recognised in profit or loss  | (360,000)           | 130,300                  | (229,700)         |
| Over provision in prior year  | (35,000)            | (2,000)                  | (37,000)          |
| At 31.12.2013   | (395,000)           | 173,000                  | (222,000)         |
| Recognised in profit or loss  | 108,000             | (71,000)                 | 37,000            |
| Under provision in prior year   | 49,000              | -                        | 49,000            |
| At 31.12.2014   | (238,000)           | 102,000                  | (136,000)         |
| Recognised in profit or loss  | 139,000             | 28,350                   | 167,350           |
| (Over)/Under provision in prior year  | (47,000)            | 37,550                   | (9,450)           |
| At 31.12.2015   | (146,000)           | 167,900                  | 21,900            |
|   | <u>2015</u><br>RM   | <u>2014</u><br>RM        | <u>2013</u><br>RM |
| Presented as follows as disclosed in the statements of financial position:- |                     |                          |                   |
| Deferred tax assets   | -                   | (143,000)                | (228,000)         |
| Deferred tax liabilities  | 21,900              | 7,000                    | 6,000             |
|   | 21,900              | (136,000)                | (222,000)         |

The components of recognised deferred tax liabilities/(assets) are made up of temporary difference arising from:-

|  | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|--|-------------------|-------------------|-------------------|
| Unrealised gains on foreign exchange   | 117,000           | 30,000            | 154,000           |
| Inventories  | (70,000)          | (114,000)         | (272,000)         |
| Trade receivables  | (76,000)          | (124,000)         | (123,000)         |
| Excess of property, plant and equipment's carrying amounts over their tax base | 50,900            | 72,000            | 19,000            |
|  | 21,900            | (136,000)         | (222,000)         |

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 6. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D)

The corporate tax will be reduced to 24% for the year assessment 2016 as announced in Malaysia Budget 2014. Consequently, deferred tax assets and liabilities are measured using this rate.

Deferred tax assets have not been recognised in respect of the following items:-

|  | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|--|-------------------|-------------------|-------------------|
| Unabsorbed business losses   | -                 | -                 | (36,021)          |
| Unutilised capital allowances  | -                 | -                 | (13,394)          |
| Excess of property, plant and equipment's carrying amounts over their tax base | -                 | -                 | 12,210            |
|  | <u>-</u>          | <u>-</u>          | <u>(37,205)</u>   |

The potential tax benefit at 25% (2014: 25% and 2013: 25%) respectively not recognised in the combined statements of profit or loss and other comprehensive income is approximately RMNil (2014: RMNil and 2013: RM9,301) as it is not probable that future taxable profits will be available in which the subsidiaries can utilised the benefits.

## 7. INVENTORIES

|                                       | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|---------------------------------------|-------------------|-------------------|-------------------|
| Finished goods                        | 21,038,450        | 20,572,696        | 16,969,103        |
| Goods in transit                      | <u>2,584,792</u>  | <u>2,481,006</u>  | <u>1,506,775</u>  |
|                                       | <u>23,623,242</u> | <u>23,053,702</u> | <u>18,475,878</u> |
| <b>Recognised in profit or loss:-</b> |                   |                   |                   |
| Inventories written down              | 291,137           | 266,353           | 271,026           |
| Reversal of inventories written down  | <u>(477,535)</u>  | <u>(875,557)</u>  | <u>-</u>          |



## 13. ACCOUNTANTS' REPORT (Cont'd)



## 8. TRADE RECEIVABLES

|                                       | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|---------------------------------------|-------------------|-------------------|-------------------|
| Gross trade receivables               | 20,827,036        | 24,596,267        | 30,130,397        |
| Less: Allowance for impairment losses |                   |                   |                   |
| Brought forward                       | (442,082)         | (37,534)          | (375,654)         |
| Recognised                            | (181,501)         | (404,548)         | (37,534)          |
| Written off                           | -                 | -                 | 218,044           |
| Reversed                              | 306,078           | -                 | 157,610           |
| Carried forward                       | <u>(317,505)</u>  | <u>(442,082)</u>  | <u>(37,534)</u>   |
|                                       | <u>20,509,531</u> | <u>24,154,185</u> | <u>30,092,863</u> |

Trade receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group's normal trade credit terms granted to the trade receivables ranged from 30 to 90 days (2014: 30 to 90 days and 2013: 30 to 90 days). Other credit terms are assessed and approved by the management on a case-by-case basis.

The foreign currency profile of trade receivables are as follows:-

|                      | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|----------------------|-------------------|-------------------|-------------------|
| Euro                 | 84,521            | 230,814           | 186,088           |
| Singapore Dollar     | 27,404            | 12,791            | -                 |
| Sterling Pound       | 396,928           | -                 | -                 |
| United States Dollar | 6,248,883         | 6,470,741         | 3,925,917         |
| Ringgit Malaysia     | 13,751,795        | 17,439,839        | 25,980,858        |
|                      | <u>20,509,531</u> | <u>24,154,185</u> | <u>30,092,863</u> |

## 9. OTHER RECEIVABLES

|                       | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|-----------------------|-------------------|-------------------|-------------------|
| Non-trade receivables | 74,200            | 70,413            | 2,644             |
| Prepayments           | 252,830           | 730,464           | 88,814            |
| Advances              | 220,078           | 334,775           | 209,374           |
| Deposits              | 124,080           | 189,567           | 129,200           |
|                       | <u>671,188</u>    | <u>1,325,219</u>  | <u>430,032</u>    |

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 9. OTHER RECEIVABLES (CONT'D)

Non-trade receivables are unsecured, bear no interest and repayable on demand.

The foreign currency profile of other receivables are as follows:-

|                      | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|----------------------|-------------------|-------------------|-------------------|
| Euro                 | -                 | 14,014            | 28,818            |
| Singapore Dollar     | -                 | -                 | 38,431            |
| Sterling Pound       | -                 | 51,500            | -                 |
| United States Dollar | 219,434           | 265,796           | 143,713           |
| Ringgit Malaysia     | 451,754           | 993,909           | 219,070           |
|                      | <u>671,188</u>    | <u>1,325,219</u>  | <u>430,032</u>    |

## 10. CASH AND CASH EQUIVALENTS

|  | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|--|-------------------|-------------------|-------------------|
| Fixed deposits with licensed banks               | 6,231,422         | 8,469,996         | 7,482,002         |
| Cash and bank balances                           | 21,674,169        | 12,298,644        | 9,028,930         |
|  | 27,905,591        | 20,768,640        | 16,510,932        |
| Less: Fixed deposits pledged with licensed banks | (1,761,463)       | (1,716,136)       | -                 |
| Less: Fixed deposits as investing purposes       | (577,738)         | (559,893)         | (4,080,151)       |
|  | <u>25,566,390</u> | <u>18,492,611</u> | <u>12,430,781</u> |

Included in the fixed deposits with licensed banks is pledged to licensed banks as security for banking facilities granted to Group.

The effective interest rates for fixed deposits with licensed banks ranged from 0.30% to 3.90 % (2014: 0.15% to 3.15% and 2013: 1.97% to 3.08%) per annum respectively.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 10. CASH AND CASH EQUIVALENTS (CONT'D)

The foreign currency profile of cash and cash equivalents are as follows:-

|                      | <u>2015</u>       | <u>2014</u>       | <u>2013</u>       |
|----------------------|-------------------|-------------------|-------------------|
|                      | RM                | RM                | RM                |
| Euro                 | 90,592            | 183,073           | 73,795            |
| Sterling Pound       | 325,798           | 278,238           | 375,742           |
| United States Dollar | 2,806,108         | 3,258,518         | 3,586,931         |
| Ringggit Malaysia    | 24,683,093        | 17,048,811        | 12,474,464        |
|                      | <u>27,905,591</u> | <u>20,768,640</u> | <u>16,510,932</u> |

## 11. SHARE CAPITAL

|  | <u>2015</u>        | <u>2014</u>        | <u>2013</u>       | <u>2015</u>        | <u>2014</u>        | <u>2013</u>       |
|--|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|
|  | Unit               | Unit               | Unit              | RM                 | RM                 | RM                |
| <b>Authorised:-</b>                                  |                    |                    |                   |                    |                    |                   |
| Ordinary shares                                      |                    |                    |                   |                    |                    |                   |
| Brought forward                                      |                    |                    |                   |                    |                    |                   |
| - DESB (RM1.00 each)                                 | -                  | 10,000,000         | 500,000           | -                  | 10,000,000         | 500,000           |
| - OESB (RM1.00 each)                                 | -                  | 500,000            | 500,000           | -                  | 500,000            | 500,000           |
| - DEJB (RM1.00 each)                                 | -                  | 400,000            | -                 | -                  | 400,000            | -                 |
| - Dancomech (RM0.20 each)                            | 500,000,000        | 2,000,000          | -                 | 100,000,000        | 400,000            | -                 |
|  | 500,000,000        | 12,900,000         | 1,000,000         | 100,000,000        | 11,300,000         | 1,000,000         |
| At date of incorporation                             |                    |                    |                   |                    |                    |                   |
| -DEJB (RM1.00 each)                                  | -                  | -                  | 400,000           | -                  | -                  | 400,000           |
| -Dancomech (RM 0.20 each)                            | -                  | -                  | 2,000,000         | -                  | -                  | 400,000           |
| Shares consolidation of RM0.20 each into RM0.40 each | (250,000,000)      | -                  | -                 | -                  | -                  | -                 |
| Create during the financial year                     |                    |                    |                   |                    |                    |                   |
| - DESB (RM1.00 each)                                 | -                  | -                  | 9,500,000         | -                  | -                  | 9,500,000         |
| - Dancomech (RM0.20 each)                            | -                  | 498,000,000        | -                 | -                  | 99,600,000         | -                 |
| Arising from merger                                  |                    |                    |                   |                    |                    |                   |
| - DESB (RM1.00 each)                                 | -                  | (10,000,000)       | -                 | -                  | (10,000,000)       | -                 |
| - OESB (RM1.00 each)                                 | -                  | (500,000)          | -                 | -                  | (500,000)          | -                 |
| - DEJB (RM1.00 each)                                 | -                  | (400,000)          | -                 | -                  | (400,000)          | -                 |
| Carried forward                                      |                    |                    |                   |                    |                    |                   |
| - DESB (RM1.00 each)                                 | -                  | -                  | 10,000,000        | -                  | -                  | 10,000,000        |
| - OESB (RM1.00 each)                                 | -                  | -                  | 500,000           | -                  | -                  | 500,000           |
| - DEJB (RM1.00 each)                                 | -                  | -                  | 400,000           | -                  | -                  | 400,000           |
| - Dancomech (RM 0.40/ RM0.20 each)                   | 250,000,000        | 500,000,000        | 2,000,000         | 100,000,000        | 100,000,000        | 400,000           |
|  | <u>250,000,000</u> | <u>500,000,000</u> | <u>12,900,000</u> | <u>100,000,000</u> | <u>100,000,000</u> | <u>11,300,000</u> |

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 11. SHARE CAPITAL (CONT'D)

|  | <u>2015</u><br>Unit | <u>2014</u><br>Unit | <u>2013</u><br>Unit | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|--|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|
| <b>Issue and fully paid up:-</b>                     |                     |                     |                     |                   |                   |                   |
| Ordinary shares                                      |                     |                     |                     |                   |                   |                   |
| Brought forward                                      |                     |                     |                     |                   |                   |                   |
| - DESB (RM1.00 each)                                 | -                   | 5,500,000           | 500,000             | -                 | 5,500,000         | 500,000           |
| - OESB (RM1.00 each)                                 | -                   | 110,000             | 110,000             | -                 | 110,000           | 110,000           |
| - Dancomech (RM0.20 each)                            | 250,000,000         | 250                 | -                   | 50,000,000        | 50                | -                 |
|  | 250,000,000         | 5,610,250           | 610,000             | 50,000,000        | 5,610,050         | 610,000           |
| At date of incorporation                             |                     |                     |                     |                   |                   |                   |
| - Dancomech (RM0.20 each)                            | -                   | -                   | 250                 | -                 | -                 | 50                |
| Shares consolidation of RM0.20 each into RM0.40 each | (125,000,000)       | -                   | -                   | -                 | -                 | -                 |
| Issuance of shares                                   |                     |                     |                     |                   |                   |                   |
| - DESB (RM1.00 each)                                 | -                   | 3,300,000           | 5,000,000           | -                 | 3,300,000         | 5,000,000         |
| - Dancomech (RM0.20 each)                            | -                   | 249,999,750         | -                   | -                 | 49,999,950        | -                 |
| Arising from merger                                  |                     |                     |                     |                   |                   |                   |
| - DESB (RM1.00 each)                                 | -                   | (8,800,000)         | -                   | -                 | (8,800,000)       | -                 |
| - OESB (RM1.00 each)                                 | -                   | (110,000)           | -                   | -                 | (110,000)         | -                 |
| Carried forward                                      |                     |                     |                     |                   |                   |                   |
| - DESB (RM1.00 each)                                 | -                   | -                   | 5,500,000           | -                 | -                 | 5,500,000         |
| - OESB (RM1.00 each)                                 | -                   | -                   | 110,000             | -                 | -                 | 110,000           |
| - Dancomech (RM0.40/ RM0.20 each)                    | 125,000,000         | 250,000,000         | 250                 | 50,000,000        | 50,000,000        | 50                |
|  | 125,000,000         | 250,000,000         | 5,610,250           | 50,000,000        | 50,000,000        | 5,610,050         |

The new ordinary shares issued during the financial years rank pari passu in all respect with the existing ordinary shares of Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual asset.

## 12. RESERVES

## (a) Merger deficit

Merger deficit mainly arose from the business combination of entities under common control where the amount of the Company's equity ownership of the entities exceeded their acquisition costs.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. RESERVES (CONT'D)

## (b) Other reserve

Other reserve represents premium paid on acquisition of non-controlling interest. This reserve is not available for distribution as dividend.

## (c) Retained earnings

The Company adopted the Single Tier Income Tax System in which the Company may declare the payment of the dividends out of its entire retained earnings of which subject to the availability of profits.

## 13. BORROWINGS

|  | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|--|-------------------|-------------------|-------------------|
| <b><u>Short term borrowings</u></b>    |                   |                   |                   |
| Secured:-                              |                   |                   |                   |
| Term loans                             | <u>223,273</u>    | <u>200,596</u>    | <u>-</u>          |
| <b><u>Long term borrowings</u></b>     |                   |                   |                   |
| Secured:-                              |                   |                   |                   |
| Term loans                             | <u>7,871,900</u>  | <u>8,384,751</u>  | <u>-</u>          |
| <b>Maturity of borrowings:-</b>        |                   |                   |                   |
| Within one year                        | 223,273           | 200,596           | -                 |
| More than 1 year and less than 5 years | 1,005,303         | 900,298           | -                 |
| After 5 years                          | <u>6,866,597</u>  | <u>7,484,453</u>  | <u>-</u>          |
|  | <u>8,095,173</u>  | <u>8,585,347</u>  | <u>-</u>          |

The secured term loan of the Group is secured by legal charge on Group's freehold land and buildings and personal guarantee from certain Directors.

The effective interest rates of borrowings are ranged from 4.30% to 4.55% (2014: 4.30% to 4.55% and 2013: Nil%) per annum respectively.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 14. FINANCE LEASE LIABILITIES

|  | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|--|-------------------|-------------------|-------------------|
| Minimum lease payments:-                       |                   |                   |                   |
| - Not later than 1 year                        | 121,963           | 121,963           | 121,963           |
| - Later than 1 year but not later than 5 years | 57,846            | 179,809           | 301,772           |
|  | <u>179,809</u>    | <u>301,772</u>    | <u>423,735</u>    |
| Less: Future finance charges on finance lease  | (6,590)           | (20,746)          | (34,530)          |
|  | <u>173,219</u>    | <u>281,026</u>    | <u>389,205</u>    |
|  | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
| Present value of finance lease liabilities     |                   |                   |                   |
| - Not later than 1 year                        | 116,725           | 112,003           | 108,179           |
| - Later than 1 year but not later than 5 years | 56,494            | 169,023           | 281,026           |
|  | <u>173,219</u>    | <u>281,026</u>    | <u>389,205</u>    |

The effective interest rate during the financial years are ranged from 4.52% to 4.61% (2014: 4.52% to 4.61% and 2013: 4.52% to 4.61%) respectively.

## 15. TRADE PAYABLES

Trade payables are unsecured, bear no interest and the normal credit terms granted by the trade payables are 30 to 90 days (2014: 30 to 90 days and 2013: 30 to 90 days) respectively.

The foreign currency profile of trade payables are as follows:-

|                      | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|----------------------|-------------------|-------------------|-------------------|
| Euro                 | 2,321,045         | 3,594,857         | 4,501,165         |
| Singapore Dollar     | 51,506            | 20,101            | 11,435            |
| Sterling Pound       | 829,929           | 1,534,125         | 910,643           |
| United States Dollar | 6,158,496         | 8,503,760         | 7,687,839         |
| China Renminbi       | -                 | 140,799           | -                 |
| Ringgit Malaysia     | 967,319           | 1,331,018         | 2,057,432         |
|                      | <u>10,328,295</u> | <u>15,124,660</u> | <u>15,168,514</u> |

**13. ACCOUNTANTS' REPORT (Cont'd)****Grant Thornton**

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**16. OTHER PAYABLES**

|                     | <u>2015</u>      | <u>2014</u>      | <u>2013</u>       |
|---------------------|------------------|------------------|-------------------|
|                     | RM               | RM               | RM                |
| Non-trade payables  | 1,057,220        | 827,056          | 488,399           |
| Accrual of expenses | 989,499          | 955,079          | 1,054,344         |
| Deposits            | 2,282,953        | 702,892          | 1,691,560         |
| Dividend payable    | -                | -                | 18,800,000        |
| GST payable         | 88,713           | -                | -                 |
|                     | <u>4,418,385</u> | <u>2,485,027</u> | <u>22,034,303</u> |

Non-trade payables are unsecured, bear no interest and repayable on demand.

The foreign currency profile of other payables are as follows:-

|                  | <u>2015</u>      | <u>2014</u>      | <u>2013</u>       |
|------------------|------------------|------------------|-------------------|
|                  | RM               | RM               | RM                |
| Singapore Dollar | -                | 18,043           | 873               |
| Ringgit Malaysia | 4,418,385        | 2,466,984        | 22,033,430        |
|                  | <u>4,418,385</u> | <u>2,485,027</u> | <u>22,034,303</u> |

**17. AMOUNT DUE TO HOLDING COMPANY**

The amount due to holding company is non-trade in nature, unsecured, interest-free and repayable on demand.

**18. AMOUNT DUE TO DIRECTORS**

The amount due to Directors is non-trade in nature, unsecured, interest-free and repayable on demand.

**19. AMOUNT DUE TO A SHAREHOLDER**

The amount due to a shareholder is non-trade in nature, unsecured, interest-free and repayable on demand.

**20. REVENUE**

Revenue represents the net invoiced value of goods sold and services rendered less discount.

## 13. ACCOUNTANTS' REPORT (Cont'd)

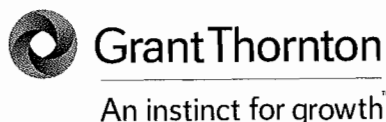
21. **PROFIT BEFORE TAX**

Profit before tax has been determined after charging/(crediting), amongst other items, the following:-

|   | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|---|-------------------|-------------------|-------------------|
| Auditors' remuneration  |                   |                   |                   |
| - statutory audit   | 62,000            | 56,500            | 49,500            |
| - under provision in prior year                                   | 4,000             | 1,580             | 7,000             |
| Allowance for impairment losses on trade receivables              | 181,501           | 404,548           | 37,534            |
| Bad debts written off   | -                 | 53,621            | 17,600            |
| Directors' remuneration:-   |                   |                   |                   |
| - other emoluments  | 1,157,556         | 1,153,414         | 1,045,358         |
| - fees  | -                 | -                 | 200,000           |
| - defined contribution plans                                      | 149,280           | 131,936           | 120,776           |
| Depreciation of property, plant and equipment                     | 690,802           | 571,117           | 381,795           |
| (Gain)/Loss on foreign exchange:-                                 |                   |                   |                   |
| - realised  | (128,779)         | 136,909           | (109,007)         |
| - unrealised  | (486,806)         | (124,933)         | (73,130)          |
| Interest expenses:-   |                   |                   |                   |
| - term loans  | 97,871            | 124,326           | 434               |
| - finance lease liabilities                                       | 14,156            | 13,784            | 16,477            |
| - letters of credit   | 33,747            | 16,580            | 4,795             |
| Rental expenses   | -                 | 128,350           | 249,450           |
| Property, plant and equipment written off                         | 28,846            | 26,351            | 1,250             |
| Staff cost:-  |                   |                   |                   |
| - salaries and other benefit                                      | 2,647,076         | 2,310,982         | 1,907,947         |
| - defined contribution plans                                      | 319,656           | 288,078           | 240,718           |
| Loss/(Gain) on disposal of property, plant and equipment          | 1,757             | -                 | (8,438,721)       |
| Interest income   | (166,611)         | (160,945)         | (206,426)         |
| Rental income   | (857,500)         | (210,000)         | -                 |
| Inventories written down  | 291,137           | 266,353           | 271,026           |
| Reversal of inventories written down                              | (477,535)         | (875,557)         | -                 |
| Writeback of allowance for impairment losses on trade receivables | (306,078)         | -                 | (157,610)         |



## 13. ACCOUNTANTS' REPORT (Cont'd)



## 22. TAX EXPENSE

|   | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|---|-------------------|-------------------|-------------------|
| Current tax   |                   |                   |                   |
| - Current year's provision                          | 4,097,333         | 5,082,623         | 6,363,000         |
| - (Over)/Under provision in prior years             | <u>(116,702)</u>  | <u>(18,001)</u>   | <u>32,917</u>     |
|   | <u>3,980,631</u>  | <u>5,064,622</u>  | <u>6,395,917</u>  |
| Deferred tax  |                   |                   |                   |
| - Origination and reversal of temporary differences | 167,350           | 37,000            | (229,700)         |
| - (Over)/Under provision in prior years             | <u>(9,450)</u>    | <u>49,000</u>     | <u>(37,000)</u>   |
|   | <u>157,900</u>    | <u>86,000</u>     | <u>(266,700)</u>  |
| Total tax expense                                   | <u>4,138,531</u>  | <u>5,150,622</u>  | <u>6,129,217</u>  |

Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25% and 2013: 25%) respectively of the estimated assessable profits for the financial year.

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

|  | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|--|-------------------|-------------------|-------------------|
| Profit before tax                                    | <u>15,348,384</u> | <u>19,325,589</u> | <u>32,003,474</u> |
| Tax at Malaysian statutory rate of 25%               | 3,837,096         | 4,831,397         | 8,000,869         |
| Tax effect in respect of:-                           |                   |                   |                   |
| Non-allowable expenses                               | 427,587           | 291,527           | 147,479           |
| Non-taxable income                                   | -                 | -                 | (2,007,533)       |
| Movement of deferred tax assets not recognised       | -                 | (9,301)           | 9,301             |
| Effect of changes in tax rates                       | -                 | 6,000             | (16,816)          |
| (Over)/Under provision of tax in prior year          | (116,702)         | (18,001)          | 32,917            |
| (Over)/Under provision of deferred tax in prior year | <u>(9,450)</u>    | <u>49,000</u>     | <u>(37,000)</u>   |

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 22. TAX EXPENSE (CONT'D)

However, the above amounts are subject to the approval at the Inland Revenue Board of Malaysia.

## 23. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share

|  | <u>2015</u><br>RM  | <u>2014</u><br>RM  | <u>2013</u><br>RM  |
|--|--------------------|--------------------|--------------------|
| Profit for the financial years attributable to the owners of the Company | <u>10,987,048</u>  | <u>14,027,032</u>  | <u>25,791,782</u>  |
| Weighted average number of ordinary shares in issue*                     | <u>125,000,000</u> | <u>125,000,000</u> | <u>125,000,000</u> |
| Basic earnings per share   | <u>0.09</u>        | <u>0.11</u>        | <u>0.21</u>        |

\* Assumed weighted average number of ordinary shares in issue of 125,000,000 unit.

(b) Diluted

There were no dilutive potential equity instruments in issue as at reporting date that gave diluted effect to the earnings per share.

## 24. DIVIDENDS PAID TO OWNERS

|  | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|--|-------------------|-------------------|-------------------|
| <b>Recognised during the financial years</b> |                   |                   |                   |
| Single tier interim dividend declared on:-   |                   |                   |                   |
| - 15 April 2013                              | -                 | -                 | 15,840,000        |
| - 27 May 2013                                | -                 | -                 | 247,500           |
| - 31 December 2013                           | -                 | -                 | 15,500,000        |
| - 19 May 2015                                | <u>4,100,000</u>  | -                 | -                 |
|  | <u>4,100,000</u>  | -                 | <u>31,587,500</u> |

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 25. ACQUISITION OF NON-CONTROLLING INTEREST

On 30 June 2015, the Group had acquired remaining 30% equity interest in DEJB for a cash consideration of RM90,000. As a result of this acquisition, DEJB become a wholly-owned subsidiary of the Group. On date of acquisition, the carrying value of the additional interest acquired was RM80,890. The difference between the consideration and the book value of interest acquired of RM9,110 is reflected in equity as premium paid on acquisition of non-controlling interest.

## 26. RELATED PARTY DISCLOSURES

(a) Related party transactions

|   | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|---|-------------------|-------------------|-------------------|
| Rental expenses charged by holding company                                | -                 | 98,350            | 249,450           |
| Sales to a related party  | 227,868           | 347,204           | 153,025           |
| Disposal of property, plant and equipment to previous shareholders        | -                 | -                 | 14,400,000        |
| Dividend declared to previous shareholders                                | -                 | -                 | 28,491,182        |
| Dividend declared to holding company                                      | 2,329,547         | -                 | -                 |
| Dividend declared to Directors  | 743,590           | -                 | 1,482,382         |
| Dividend declared to shareholders   | 1,026,863         | -                 | 1,613,936         |
| Audit and tax services charged by a company which a Director has interest | 11,200            | 16,000            | 2,000             |

(b) Compensation of key management personnel

The remuneration of Directors are disclosed in Note 21 to the Financial Information.

The Group paid the compensation to the non-directors who are classified as key management personnel, as follows:-

|                                      | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|--------------------------------------|-------------------|-------------------|-------------------|
| Salaries, wages and other emoluments | 297,500           | 420,397           | 320,099           |
| Defined contribution plans           | 32,725            | 34,860            | 27,863            |
|                                      | <u>330,225</u>    | <u>455,257</u>    | <u>347,962</u>    |

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 26. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation paid to a person connected with Directors

The Group paid the compensation to a person who connected with Directors, as follows:-

|                                      | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|--------------------------------------|-------------------|-------------------|-------------------|
| Salaries, wages and other emoluments | 127,500           | 210,657           | 162,916           |
| Defined contribution plans           | <u>14,025</u>     | <u>14,880</u>     | <u>10,742</u>     |
|                                      | <u>141,525</u>    | <u>225,537</u>    | <u>173,658</u>    |

(d) Related party balances

Outstanding balances arising from related party transactions are disclosed in Note 17, 18 and 19 to the Financial Information.

## 27. SEGMENT REPORTING

Information by business segment is not presented as the principal activity of the Group is trading and distribution of process control equipment and measurement instruments.

*Major Customer*

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue during the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 except for 15% of the Group's revenue in the financial year ended 31 December 2013 from a major customer.

*Geographical Information*

Geographical information on the Group's non-current assets is not presented as its operations are wholly located in Malaysia.

Geographical information on the Group's revenue is as follows:-

|           | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|-----------|-------------------|-------------------|-------------------|
| Malaysia  | 53,824,415        | 61,791,542        | 66,703,040        |
| Indonesia | 13,451,511        | 10,580,963        | 11,730,333        |
| Others    | <u>977,392</u>    | <u>6,628,082</u>  | <u>4,756,972</u>  |
|           | <u>68,253,318</u> | <u>79,000,587</u> | <u>83,190,345</u> |

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 28. CAPITAL COMMITMENTS

|                                   | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|-----------------------------------|-------------------|-------------------|-------------------|
| Contracted but not provided for:- |                   |                   |                   |
| Purchase of computer software     | -                 | 167,820           | -                 |
| Capital work-in-progress          | -                 | -                 | 937,831           |
|                                   | <u>-</u>          | <u>167,820</u>    | <u>937,831</u>    |

## 29. CONTINGENT LIABILITY

|  | <u>2015</u><br>RM | <u>2014</u><br>RM | <u>2013</u><br>RM |
|--|-------------------|-------------------|-------------------|
| Arbitration claim by a building contractor against the Group | <u>1,401,170</u>  | <u>919,308</u>    | <u>-</u>          |

## 30. FINANCIAL INSTRUMENTS

**Categories of Financial Instruments**

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R") and financial liabilities categorised as other liabilities measured at amortised cost ("AC"):-

|                                    | <u>Carrying amount</u><br>RM | <u>L&amp;R</u><br>RM | <u>AC</u><br>RM |
|------------------------------------|------------------------------|----------------------|-----------------|
| <u>2015</u>                        |                              |                      |                 |
| <b>Financial assets</b>            |                              |                      |                 |
| Trade receivables                  | 20,509,531                   | 20,509,531           | -               |
| Other receivables                  | 418,358                      | 418,358              | -               |
| Fixed deposits with licensed banks | 6,231,422                    | 6,231,422            | -               |
| Cash and bank balances             | <u>21,674,169</u>            | <u>21,674,169</u>    | <u>-</u>        |
|                                    | <u>48,833,480</u>            | <u>48,833,480</u>    | <u>-</u>        |

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 30. FINANCIAL INSTRUMENTS (CONT'D)

**Categories of Financial Instruments (cont'd)**

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R") and financial liabilities categorised as other liabilities measured at amortised cost ("AC") (cont'd):-

|                                    | <b>Carrying<br/>amount</b><br>RM | <b>L&amp;R</b><br>RM | <b>AC</b><br>RM   |
|------------------------------------|----------------------------------|----------------------|-------------------|
| <b>2015 (cont'd)</b>               |                                  |                      |                   |
| <b>Financial liabilities</b>       |                                  |                      |                   |
| Trade payables                     | 10,328,295                       | -                    | 10,328,295        |
| Other payables                     | 4,329,672                        | -                    | 4,329,672         |
| Amount due to a shareholder        | 203,550                          | -                    | 203,550           |
| Amount due to Directors            | 407,640                          | -                    | 407,640           |
| Finance lease liabilities          | 173,219                          | -                    | 173,219           |
| Borrowings                         | 8,095,173                        | -                    | 8,095,173         |
|                                    | <u>23,537,549</u>                | -                    | <u>23,537,549</u> |
| <b>2014</b>                        |                                  |                      |                   |
| <b>Financial assets</b>            |                                  |                      |                   |
| Trade receivables                  | 24,154,185                       | 24,154,185           | -                 |
| Other receivables                  | 594,755                          | 594,755              | -                 |
| Fixed deposits with licensed banks | 8,469,996                        | 8,469,996            | -                 |
| Cash and bank balances             | 12,298,644                       | 12,298,644           | -                 |
|                                    | <u>45,517,580</u>                | <u>45,517,580</u>    | -                 |
| <b>Financial liabilities</b>       |                                  |                      |                   |
| Trade payables                     | 15,124,660                       | -                    | 15,124,660        |
| Other payables                     | 2,485,027                        | -                    | 2,485,027         |
| Amount due to holding company      | 194,500                          | -                    | 194,500           |
| Amount due to Directors            | 611,190                          | -                    | 611,190           |
| Finance lease liabilities          | 281,026                          | -                    | 281,026           |
| Borrowings                         | 8,585,347                        | -                    | 8,585,347         |
|                                    | <u>27,281,750</u>                | -                    | <u>27,281,750</u> |

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 30. FINANCIAL INSTRUMENTS (CONT'D)

**Categories of Financial Instruments (cont'd)**

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R") and financial liabilities categorised as other liabilities measured at amortised cost ("AC") (cont'd):-

|                                    | <b>Carrying<br/>amount</b> | <b>L&amp;R</b>    | <b>AC</b>         |
|------------------------------------|----------------------------|-------------------|-------------------|
|                                    | RM                         | RM                | RM                |
| <u>2013</u>                        |                            |                   |                   |
| <b>Financial assets</b>            |                            |                   |                   |
| Trade receivables                  | 30,092,863                 | 30,092,863        | -                 |
| Other receivables                  | 341,218                    | 341,218           | -                 |
| Fixed deposits with licensed banks | 7,482,002                  | 7,482,002         | -                 |
| Cash and bank balances             | 9,028,930                  | 9,028,930         | -                 |
|                                    | <u>46,945,013</u>          | <u>46,945,013</u> | <u>-</u>          |
| <b>Financial liabilities</b>       |                            |                   |                   |
| Trade payables                     | 15,168,514                 | -                 | 15,168,514        |
| Other payables                     | 22,034,303                 | -                 | 22,034,303        |
| Amount due to Directors            | 200,000                    | -                 | 200,000           |
| Finance lease liabilities          | 389,205                    | -                 | 389,205           |
|                                    | <u>37,792,022</u>          | <u>-</u>          | <u>37,792,022</u> |

**Financial Risk Management Objectives and Policies****Financial Risks**

The Group is exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's business whilst managing its credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:-

## (a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 30. FINANCIAL INSTRUMENTS (CONT'D)

**Financial Risk Management Objectives and Policies (cont'd)****Financial Risks (cont'd)**

## (a) Credit risk (cont'd)

The Group exposure to credit risk is monitored on an ongoing basis. The credit risk is controlled by monitoring procedures. An internal credit review is conducted if the credit risk is material. The Group does not require collateral in respect of financial assets.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, the management has taken reasonable steps to ensure that receivables are stated at their realisable values. A significant portion of the receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

The areas where the Group are exposed to credit risk are as follows:-

**Receivables**

The net carrying amount of receivables is considered a reasonable approximate of its fair value.

Concentration of credit risk

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along geographical lines and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

The Group has no significant concentration of credit risk with any single counter party.



## 13. ACCOUNTANTS' REPORT (Cont'd)



## 30. FINANCIAL INSTRUMENTS (CONT'D)

**Financial Risk Management Objectives and Policies (cont'd)****Financial Risks (cont'd)**

## (a) Credit risk (cont'd)

**Receivables (cont'd)***Ageing analysis of trade receivables*

The ageing analysis for trade receivables are as follows:-

|  | <u>Gross</u><br>RM | Individually<br><u>impaired</u><br>RM | <u>Net</u><br>RM  |
|--|--------------------|---------------------------------------|-------------------|
| <u>2015</u>                                  |                    |                                       |                   |
| Within credit terms                          | 5,396,698          | -                                     | 5,396,698         |
| Past due 1-30 days but not impaired          | 5,688,860          | -                                     | 5,688,860         |
| Past due 31-60 days but not impaired         | 2,998,079          | -                                     | 2,998,079         |
| Past due 61-90 days but not impaired         | 2,309,693          | -                                     | 2,309,693         |
| Past due 91-120 days but not impaired        | 850,661            | -                                     | 850,661           |
| Past due more than 120 days but not impaired | 3,265,540          | -                                     | 3,265,540         |
| Past due more than 120 days and impaired     | 317,505            | (317,505)                             | -                 |
|  | <u>20,827,036</u>  | <u>(317,505)</u>                      | <u>20,509,531</u> |

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 30. FINANCIAL INSTRUMENTS (CONT'D)

**Financial Risk Management Objectives and Policies (cont'd)****Financial Risks (cont'd)**

## (a) Credit risk (cont'd)

**Receivables (cont'd)***Ageing analysis of trade receivables (cont'd)*

|  | <u>Gross</u><br>RM | Individually<br><u>impaired</u><br>RM | <u>Net</u><br>RM  |
|--|--------------------|---------------------------------------|-------------------|
| <u>2014</u>                                  |                    |                                       |                   |
| Within credit terms                          | 7,262,518          | -                                     | 7,262,518         |
| Past due 1-30 days but not impaired          | 5,680,132          | -                                     | 5,680,132         |
| Past due 31-60 days but not impaired         | 5,021,489          | -                                     | 5,021,489         |
| Past due 61-90 days but not impaired         | 2,042,973          | -                                     | 2,042,973         |
| Past due 91-120 days but not impaired        | 1,087,311          | -                                     | 1,087,311         |
| Past due more than 120 days but not impaired | 3,059,762          | -                                     | 3,059,762         |
| Past due more than 120 days and impaired     | 442,082            | (442,082)                             | -                 |
|  | <u>24,596,267</u>  | <u>(442,082)</u>                      | <u>24,154,185</u> |
| <u>2013</u>                                  |                    |                                       |                   |
| Within credit terms                          | 8,681,480          | -                                     | 8,681,480         |
| Past due 1-30 days but not impaired          | 4,690,969          | -                                     | 4,690,969         |
| Past due 31-60 days but not impaired         | 4,059,672          | -                                     | 4,059,672         |
| Past due 61-90 days but not impaired         | 3,188,774          | -                                     | 3,188,774         |
| Past due 91-120 days but not impaired        | 564,082            | -                                     | 564,082           |
| Past due more than 120 days but not impaired | 8,907,886          | -                                     | 8,907,886         |
| Past due more than 120 days and impaired     | 37,534             | (37,534)                              | -                 |
|  | <u>30,130,397</u>  | <u>(37,534)</u>                       | <u>30,092,863</u> |

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 30. FINANCIAL INSTRUMENTS (CONT'D)

**Financial Risk Management Objectives and Policies (cont'd)****Financial Risks (cont'd)**

## (a) Credit risk (cont'd)

**Receivables (cont'd)***Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. None of the Group's receivables that are neither past due nor impaired have been renegotiated during the financial years.

*Financial assets that are past due but not impaired*

The Group has trade receivables amounting to RM15,112,833 (2014: RM16,891,667 and 2013: RM21,411,383) respectively that are past due at the reporting date but not impaired.

*Financial assets that are impaired*

Trade receivables at an initial value of RM317,505 (2014:RM442,082 and 2013: RM37,534) were impaired and fully provided.

**Deposits with banks***Concentration of credit risk*

The Group has no significant concentration of credit risk with any single bank.

*Financial assets that are neither past due nor impaired*

Deposits with banks that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

As at the reporting date, there was no indication that the deposits with banks are not recoverable.

*Financial assets that are past due but not impaired*

There are no deposits with banks of the Group that are past due but not impaired.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 30. FINANCIAL INSTRUMENTS (CONT'D)

**Financial Risk Management Objectives and Policies (cont'd)****Financial Risks (cont'd)**

## (b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due as a result of shortage of funds.

In managing its exposures to liquidity risk, the Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The liquidity risks arise principally from its payables, borrowings and finance lease liabilities.

*Analysis of financial instruments by contractual maturities*

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below:-

|   | ← Maturity →                                       |                    |                            | Total<br>contractual cash<br>flows<br>RM |
|---|--|--------------------|----------------------------|--|
|   | Current<br>On demand/<br>less than 1<br>year<br>RM | ← Non-current →    |                            |  |
|   |  | 1 to 5 years<br>RM | More than<br>5 years<br>RM |  |
| <b>2015</b>                                 |  |                    |                            |  |
| <b>Non-derivative financial liabilities</b> |  |                    |                            |  |
| <b>Secured:-</b>                            |  |                    |                            |  |
| Borrowings                                  | 588,108  | 2,352,432          | 10,634,953                 | 13,575,493                               |
| Finance lease liabilities                   | 121,963  | 57,846             | -                          | 179,809                                  |
| <b>Unsecured:-</b>                          |  |                    |                            |  |
| Trade payables                              | 10,328,295   | -                  | -                          | 10,328,295                               |
| Other payables                              | 4,329,672  | -                  | -                          | 4,329,672                                |
| Amount due to a shareholder                 | 203,550  | -                  | -                          | 203,550                                  |
| Amount due to Directors                     | 407,640  | -                  | -                          | 407,640                                  |

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 30. FINANCIAL INSTRUMENTS (CONT'D)

## Financial Risk Management Objectives and Policies (cont'd)

## Financial Risks (cont'd)

## (b) Liquidity risk (cont'd)

*Analysis of financial instruments by contractual maturities (cont'd)*

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below (cont'd):-

|   | ← Maturity →                                       |                                       |                            | Total<br>contractual cash<br>flows<br>RM |
|---|--|---------------------------------------|----------------------------|--|
|   | Current<br>On demand/<br>less than 1<br>year<br>RM | ← Non-current →<br>1 to 5 years<br>RM | More than<br>5 years<br>RM |  |
| <u>2014</u>                                     |  |                                       |                            |  |
| <b>Non-derivative financial liabilities</b>     |  |                                       |                            |  |
| <b>Secured:-</b>                                |  |                                       |                            |  |
| Borrowings                                      | 588,108  | 2,352,432                             | 11,222,032                 | 14,162,572                               |
| Finance lease liabilities                       | 121,963  | 179,809                               | -                          | 301,772                                  |
| <b>Unsecured:-</b>                              |  |                                       |                            |  |
| Trade payables                                  | 15,124,660   | -                                     | -                          | 15,124,660                               |
| Other payables                                  | 2,485,027  | -                                     | -                          | 2,485,027                                |
| Amount due to holding company                   | 194,500  | -                                     | -                          | 194,500                                  |
| Amount due to Directors                         | 611,190  | -                                     | -                          | 611,190                                  |
| <b>Total undiscounted financial liabilities</b> | <b>19,125,448</b>                                  | <b>2,532,241</b>                      | <b>11,222,032</b>          | <b>32,879,721</b>                        |
| <u>2013</u>                                     |  |                                       |                            |  |
| <b>Non-derivative financial liabilities</b>     |  |                                       |                            |  |
| <b>Secured:-</b>                                |  |                                       |                            |  |
| Finance lease liabilities                       | 121,963  | 301,772                               | -                          | 423,735                                  |
| <b>Unsecured:-</b>                              |  |                                       |                            |  |
| Trade payables                                  | 15,168,514   | -                                     | -                          | 15,168,514                               |
| Other payables                                  | 22,034,303   | -                                     | -                          | 22,034,303                               |
| Amount due to Directors                         | 200,000  | -                                     | -                          | 200,000                                  |
| <b>Total undiscounted financial liabilities</b> | <b>37,524,780</b>                                  | <b>301,772</b>                        | <b>-</b>                   | <b>37,826,552</b>                        |

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 30. FINANCIAL INSTRUMENTS (CONT'D)

**Financial Risk Management Objectives and Policies (cont'd)****Financial Risks (cont'd)**

## (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on financial assets and financial liabilities that are denominated in a currency other than the functional currency of Group. The currency giving rise to this risk is primarily Euro (EURO), Singapore Dollar (SGD), Sterling Pound (GBP), United States Dollar (USD) and Renminbi (RMB).

Carrying amounts of the Group's exposure to foreign currency risk are as follows:-

|                       | <u>EURO</u><br>RM  | <u>SGD</u><br>RM | <u>GBP</u><br>RM   | <u>USD</u><br>RM   | <u>RMB</u><br>RM | <u>Total</u><br>RM  |
|-----------------------|--------------------|------------------|--------------------|--------------------|------------------|---------------------|
| <u>2015</u>           |                    |                  |                    |                    |                  |                     |
| Financial assets      | 175,113            | 27,404           | 722,726            | 9,274,425          | -                | 10,199,668          |
| Financial liabilities | <u>(2,321,045)</u> | <u>(51,506)</u>  | <u>(829,929)</u>   | <u>(6,158,496)</u> | -                | <u>(9,360,976)</u>  |
| Total exposure        | <u>(2,145,932)</u> | <u>(24,102)</u>  | <u>(107,203)</u>   | <u>3,115,929</u>   | -                | <u>838,692</u>      |
| <u>2014</u>           |                    |                  |                    |                    |                  |                     |
| Financial assets      | 427,901            | 12,791           | 329,738            | 9,995,055          | -                | 10,765,485          |
| Financial liabilities | <u>(3,594,857)</u> | <u>(38,144)</u>  | <u>(1,534,125)</u> | <u>(8,503,760)</u> | <u>(140,799)</u> | <u>(13,811,685)</u> |
| Total exposure        | <u>(3,166,956)</u> | <u>(25,353)</u>  | <u>(1,204,387)</u> | <u>1,491,295</u>   | <u>(140,799)</u> | <u>(3,046,200)</u>  |
| <u>2013</u>           |                    |                  |                    |                    |                  |                     |
| Financial assets      | 288,701            | 38,431           | 375,742            | 7,656,561          | -                | 8,359,435           |
| Financial liabilities | <u>(4,501,165)</u> | <u>(12,308)</u>  | <u>(910,643)</u>   | <u>(7,687,839)</u> | -                | <u>(13,111,955)</u> |
| Total exposure        | <u>(4,212,464)</u> | <u>26,123</u>    | <u>(534,901)</u>   | <u>(31,278)</u>    | -                | <u>(4,752,520)</u>  |

*Foreign currency sensitivity analysis*

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the EURO, SGD, GBP, USD and RMB exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 30. FINANCIAL INSTRUMENTS (CONT'D)

**Financial Risk Management Objectives and Policies (cont'd)****Financial Risks (cont'd)**

## (c) Foreign currency risk (cont'd)

*Foreign currency sensitivity analysis (cont'd)*

|         |                    | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---------|--------------------|-------------|-------------|-------------|
|         |                    | RM          | RM          | RM          |
| EURO/RM | - strengthened 10% | (214,593)   | (316,696)   | (421,246)   |
|         | - weakened 10%     | 214,593     | 316,696     | 421,246     |
| SGD/RM  | - strengthened 10% | (2,410)     | (2,535)     | 2,612       |
|         | - weakened 10%     | 2,410       | 2,535       | (2,612)     |
| GBP/RM  | - strengthened 10% | (10,720)    | (120,439)   | (53,490)    |
|         | - weakened 10%     | 10,720      | 120,439     | 53,490      |
| USD/RM  | - strengthened 10% | 311,593     | 149,130     | (3,128)     |
|         | - weakened 10%     | (311,593)   | (149,130)   | 3,128       |
| RMB/RM  | - strengthened 10% | -           | (14,080)    | -           |
|         | - weakened 10%     | -           | 14,080      | -           |

The assumed movement in the above foreign currency rate for the foreign currency exchange rate sensitivity analysis is based on the prudent estimate of the current market environment.

The exposure to foreign exchange risk varies during the financial years depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

## (d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of change in market interest rates.

The Group's floating rate borrowings are exposed to a risk of change in its fair value due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 30. FINANCIAL INSTRUMENTS (CONT'D)

**Financial Risk Management Objectives and Policies (cont'd)****Financial Risks (cont'd)**

## (d) Interest rate risk (cont'd)

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of upward changes in interest rates while enabling benefits to be enjoyed if interest rates fall.

The carrying amount of the Group's significant interest-bearing financial instruments, as at the reporting date are as follows:-

|                                    | <u>2015</u><br>RM  | <u>2014</u><br>RM  | <u>2013</u><br>RM |
|------------------------------------|--------------------|--------------------|-------------------|
| <b>Fixed rate instruments</b>      |                    |                    |                   |
| Fixed deposits with licensed banks | 6,231,432          | 8,469,996          | 7,482,002         |
| Finance lease liabilities          | <u>(173,219)</u>   | <u>(281,026)</u>   | <u>(389,205)</u>  |
|                                    | <u>6,058,213</u>   | <u>8,188,970</u>   | <u>7,092,797</u>  |
| <b>Floating rate instrument</b>    |                    |                    |                   |
| Borrowings                         | <u>(8,095,173)</u> | <u>(8,585,347)</u> | <u>-</u>          |

*Sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

*Sensitivity analysis for floating rate instruments*

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of 0.5%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.



## 13. ACCOUNTANTS' REPORT (Cont'd)



## 30. FINANCIAL INSTRUMENTS (CONT'D)

**Financial Risk Management Objectives and Policies (cont'd)****Financial Risks (cont'd)**

## (d) Interest rate risk (cont'd)

*Sensitivity analysis for floating rate instruments (cont'd)*

|  | <u>2015</u>   | <u>2014</u>   | <u>2013</u> |
|--|---------------|---------------|-------------|
|  | RM            | RM            | RM          |
| Effect on profit net of tax<br>for the financial years |               |               |             |
| + 0.5%   | (40,476)      | (42,927)      | -           |
| - 0.5%   | <u>40,476</u> | <u>42,927</u> | <u>-</u>    |

**Fair Value of Financial Instruments**

The carrying amounts of financial assets and liabilities of the Group at the reporting date approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

**Fair Value Hierarchy**

No fair value hierarchy has been disclosed as the Group does not have any financial instruments measured at fair value.

## 31. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group adjusts its capital structure according to the changes in economic environment. In order to maintain or achieve an optimal capital structure, the Group considers adjusting the amount of dividend payment, issuing new shares or buying back issued shares.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings' as shown in the combined statements of financial position) less cash and cash equivalents. The debt-to-equity ratio of the Group as at the end of the reporting period is not presented as its cash and cash equivalents exceed the total debts.

## 13. ACCOUNTANTS' REPORT (Cont'd)



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## 32. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE

As an integral part of the listing and quotation of its entire enlarged issued and paid-up share capital, Dancomech has undertaken the listing scheme which involves the following:-

## (i) Initial Public Offering ("IPO")

**Public Issue**

The Public Issue of 24,000,000 new ordinary shares of RM 0.40 each in Dancomech ("Public Issue Shares") at RM0.75 per share ("IPO Price"), payable in full upon application, in the following manner:-

- (a) 7,500,000 Public Issue Shares, representing approximately 5.03% of the enlarged issued and paid-up capital of Dancomech, will be made available for application by the Malaysian public;
- (b) 2,503,000 Public Issue Shares, representing approximately 1.68% of enlarged issued and paid-up capital of Dancomech, will be made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group; and
- (c) 13,997,000 Public Issue Shares, representing approximately 9.39% of enlarged issued and paid-up capital of Dancomech by way of private placement to Bumiputera investors to be approved by the Ministry of International Trade and Industry ("MITI").

**Offer For Sale**

Offer For Sale of 16,000,000 existing shares of RM0.40 each in Dancomech ("Offer For Sale Shares") at an IPO Price, payable in full upon application, in the following manner:-

- (a) Up to 4,630,000 Offer For Sale Shares, representing approximately 3.11% of the enlarged issued and paid up capital of Dancomech, by way of placement to Bumiputera investors approved by the MITI.
- (b) 11,370,000 Offer For Sale Shares, representing approximately 7.63% of the enlarged issued and paid up capital of Dancomech, by way of placement to selected investors.

## (ii) Listing and Quotation on the Main Market of Bursa Securities

Dancomech seeks a listing and quotation of its entire enlarged issued and paid-up share capital of RM59,600,000 comprising 149,000,000 ordinary shares on the Main Market of Bursa Malaysia Securities Berhad.

14. DIRECTORS' REPORT

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**Dancomech Holdings Berhad** (Co. No. 1050285-U)

No.19, Jalan Pelukis U1/46,  
Temasya Industrial Park,  
40150 Shah Alam, Selangor.  
Tel: +603 5569 2929 Fax: +603 5569 2935 / 37  
Website: <http://www.dancomech.com.my>

Date: 16 June 2016

The Shareholders of  
**Dancomech Holdings Berhad (1050285-U)**  
No. 19, Jalan Pelukis U1/46,  
Temasya Industrial Park,  
40150 Shah Alam,  
Selangor Darul Ehsan, Malaysia.

Dear Sir/Madam,

On behalf of the Board of Directors of Dancomech Holdings Berhad ("**Dancomech**"), I wish to report after due enquiry by the Board of Directors of Dancomech, that between the period from 31 December 2015 (being the date of the last audited financial statements of Dancomech and its subsidiary companies ("**Group**") have been made) up to the date of this letter, being a date not earlier than fourteen (14) days before issuance of this Prospectus, that:-

- (a) the business of the Group has, in the opinion of our Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities by reason of any guarantees or indemnities given by the Group, save for contingent liability arising from an arbitration claim by SGV Builders Sdn Bhd against Dancomech Engineering amounting to RM510,718.90;
- (e) since the last audited financial statements of the Group, there have been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings of the Group, and
- (f) since the last audited financial statements of the Group, there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group.

Yours faithfully  
For and on behalf of the Board of Directors  
**Dancomech Holdings Berhad**

**Aik Swee Tong**  
Managing Director

Your Valves & Instruments Specialist

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## 15. ADDITIONAL INFORMATION

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### 15.1 SHARE CAPITAL

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued later than twelve (12) months after the date of this Prospectus.
- (ii) None of the capital of our Company or our subsidiary companies are under option or agreed conditionally or unconditionally to be put under option.
- (iii) Save for our IPO Shares reserved for subscription by the eligible employees and directors of our Group, there is no other scheme involving the directors and employees in the capital of our Company or our subsidiary companies.
- (iv) Save as disclosed in Section 8.1, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company or our subsidiary companies.
- (v) As at the date of this Prospectus, there is no limitation on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on our Shares imposed by the applicable Malaysian law or by our Memorandum and Articles of Association.

### 15.2 ARTICLES OF ASSOCIATION

The following provisions relate to the remuneration of directors, voting and borrowing powers of directors, transfer of securities and changes in capital and variation of class rights as reproduced from our Articles of Association (“**Article(s)**”). The words and expressions appearing in the following provisions shall bear the same meaning used in our Articles unless they are otherwise defined here or the context otherwise requires:

#### (i) Remuneration of Directors

- Article 107

The Directors shall be paid for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine or failing agreement, equally PROVIDED ALWAYS that:

- (a) fees payable to Directors who hold non-executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (b) salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover.
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.
- (d) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid by the Director nominating him, unless the Company be instructed in writing by that Director to pay any portion of his remuneration to such alternate Director out of the remuneration of the latter.

**15. ADDITIONAL INFORMATION (Cont'd)**

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- Article 120

Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company.

- Article 132 (1)

Each Director may from time to time appoint any person who is approved by a majority of his co-directors to act as his alternate Director. Any fee paid by the Company to an Alternate Director shall be deducted from the remuneration of the appointor.

- Article 134

The remuneration of a Director holding an executive office pursuant to these Articles shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

**(ii) Voting Powers and Borrowing Powers of Directors**

- Article 112

- (1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company, or its subsidiaries, as they shall think fit.
- (2) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.
- (3) The Directors may borrow or raise any such money as aforesaid upon or by the issue or sale of any bonds, debentures, debenture stock, or securities, and upon such terms as to time of repayment, rate of interest, price of issue or sale; payment of premium or bonus upon redemption or repayment or upon any other terms as they may think proper.
- (4) Any debenture or other security may be issued at a discount, premium or otherwise and (with the sanction of the Company in general meeting) with any special privilege as to allotment of shares, attending and voting at general meetings of the Company, appointment of Directors or otherwise.

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**15. ADDITIONAL INFORMATION (Cont'd)**

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- Article 127

A Director may contract with and be directly or indirectly interested in any contract or proposed contract or arrangement with the Company and shall not be liable to account for any profit made by him by reason of any such contract; PROVIDED ALWAYS THAT the Director shall declare the nature of his interest in accordance with provision of the Act. Save as herein provided a Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

- Article 128

Where proposals are under the consideration concerning the appointment (including fixing or varying the terms of appointment (including fixing or varying the terms of appointment) or two (2) or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each of the Directors separately and in such cases each of the Directors concerned shall be entitled to vote in respect of each resolution except that concerning his own appointment.

- Article 130

A Director may vote in respect of:

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company;
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.
- (c) any proposal concerning the adoption, modification operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval of the Board of Inland Revenue for taxation purposes.

- Article 132 (7)

One (1) person may act as Alternate Director to more than one (1) Director and while he is so acting shall be entitled to a separate vote for each Director he is representing and if he is himself a Director his vote or votes as an Alternate Director shall be in addition to his own vote.

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**15. ADDITIONAL INFORMATION (Cont'd)**

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**(iii) Transfer of Securities**

- Article 34

The transfer of any listed securities or class of listed securities of the Company which have been deposited with the Depository shall be by way of book entry by the Depository in accordance with the Rules and notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed securities.

- Article 35

Subject to the provisions of the Act, the Depositories Act and the Rules, the transfer of all or any of his shares of the Company not so deposited with the Depository (not being Deposited Securities) by any Member shall be in the manner provided in the Rules to the extent that the same is not inconsistent with these Articles.

The instrument of transfer of any share shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered into the Register and/or the Record of Depositors as the case may be in respect thereof.

- Article 36

Subject to the provisions of the Act, the Depositories Act and the Rules, the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole, thirty (30) days in any year. Ten (10) Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register and the reason thereof shall be given to the Exchange and published in a daily newspaper circulating in Malaysia. Such notice shall state the Books Closing Date which shall not be less than eight (8) clear market days from the date of notification to the Exchange.

- Article 38

There should be no restriction on the transfer of fully paid Shares except where required by law or the relevant regulations or where the Company has a lien and no share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

- Article 39

The Depository may refuse to register any transfer of deposited security that does not comply with the Depositories Act and the Rules.

- Article 40

Subject to the provisions of these Articles, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

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**15. ADDITIONAL INFORMATION (Cont'd)**

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**(iv) Changes in Capital and Variation of Class Rights**

- Article 10

If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provision of Section 65 of the Act and whether or not the Company is being wound up, be varied with:

- (a) the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class obtained within two (2) months from the date of the separate general meeting; or
- (b) with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy, one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, the provisions of Section 152 of the Act shall with such adaptations as are necessary, apply.

- Article 11

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

- Article 64

The Company may by ordinary resolution:

- (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) sub-divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association; provided that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; and
- (d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

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## 15. ADDITIONAL INFORMATION (Cont'd)

- Article 66

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by law.

- Clause 6 of Memorandum of Association

The capital of the Company is RM100,000,000.00 divided into 250,000,000 Ordinary Shares of RM0.40 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

- Clause 7 of Memorandum of Association

Subject always to the respective rights, terms and conditions mentioned in Clause 6 hereof the Company shall have power to increase or reduce the capital, to consolidate or sub-divide the shares into shares of larger or smaller amounts and to issue all or any part of the original or any additional capital as fully paid or partly paid shares, and with any special or preferential rights or privileges, or subject to any special terms or conditions and either with or without any special designation, and also from time to time to alter, modify, commute, abrogate or deal with any such rights, privileges, terms, conditions or designations in accordance with the regulations for the time being of the Company.

### 15.3 MATERIAL CONTRACTS

Save as disclosed below, as at LPD there are no other material contracts (including contracts not in writing), not being contracts entered into in the ordinary course of business, that have been entered into by our Group within the two (2) years preceding the date of this Prospectus:

- (i) Share Sale Agreement dated 11 September 2014 made between ABC Equity, Aik Swee Tong, Aik Cwo Shing, Aik Kwo Liang, Wong Chiau Siew, Aik Hui Luan, Aik Ai Kok, Aik Seng Kah, Aik Hui Chyn and Chan Chop Tong @ Aik Chop Tong (collectively the “**Vendors**”) and Dancomech for the sale and purchase of the entire issued and paid-up share capital of Dancomech Engineering comprising 8,800,000 ordinary shares of RM1.00 each for a total consideration of RM49,999,950 which was entirely satisfied by the issuance of 249,999,750 new ordinary shares of RM0.20 each in Dancomech at an issue price of RM0.20 per share (“**Dancomech Engineering Share Sale Agreement**”). The acquisition was duly completed in accordance with the terms of the Dancomech Engineering Share Sale Agreement;
- (ii) Share Sale Agreement dated 11 September 2014 made between Dancovest and Dancomech for the sale and purchase of 55.00% of the entire issued and paid-up share capital of Optimis comprising 110,000 ordinary shares of RM 1.00 each for a total consideration of RM387,191.00 to be satisfied wholly by cash (“**Optimis Share Sale Agreement**”). The acquisition was duly completed in accordance with the terms of the Optimis Share Sale Agreement;
- (iii) Share Sale Agreement dated 11 September 2014 made between Dancomech Engineering and Dancomech for the sale and purchase of 70.00% of the entire issued and paid-up share capital of Dancomech JB comprising 210,000 ordinary shares of RM1.00 each for a total consideration of RM166,715.00 to be satisfied wholly by cash (“**Dancomech JB Share Sale Agreement 1**”). The acquisition was duly completed in accordance with the terms of the Dancomech JB Share Sale Agreement 1;

**15. ADDITIONAL INFORMATION (Cont'd)**

- (iv) Shareholders Agreement dated 11 September 2014 made between Dancomech and Chang Soo Hong to set up the ground rules of the relationship between the shareholders of Optimis;
- (v) Shareholders Agreement dated 11 September 2014 made between Dancomech and Koo Chai Chin to set up the ground rules of the relationship between the shareholders of Dancomech JB. However, this Shareholders Agreement ceases to have effect given Dancomech has acquired the entire issued and paid-up share capital of Dancomech JB;
- (vi) Tenancy Agreement dated 29 September 2014 between Dancomech Engineering as the landlord and Aiman Motor Sdn Bhd as the tenant on the second floor of No. 19, Jalan Pelukis U1/46, Hicom Glenmarie Temasya Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan for a term of three (3) years commencing on 1 October 2014 and expiring on 30 September 2017 and a monthly rental of RM70,000.00;
- (vii) Share Sale Agreement dated 30 June 2015 made between Koo Chai Chin and Dancomech for the sale and purchase of 30.00% of the entire issued and paid-up share capital of Dancomech JB comprising 90,000 ordinary shares of RM1.00 each for a total consideration of RM90,000.00 to be satisfied wholly by cash ("**Dancomech JB Share Sale Agreement 2**"). The acquisition was duly completed in accordance with the terms of the Dancomech JB Share Sale Agreement 2; and
- (viii) On 2 June 2016, Dancomech entered into an Underwriting Agreement with the Joint Underwriters for the underwriting of 24,000,000 Public Issue Shares under the Public Tranche, Pink Form Tranche and MITI Tranche as set out in Sections 3.1.1(i), 3.1.1(ii) and 3.1.1(iii) respectively for an underwriting commission of 2.0% of the total value of the underwritten Shares at the IPO Price.

**15.4 MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at LPD, neither we nor our subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Directors do not know of any proceedings pending or threatened against our Company or our subsidiary companies, or of any fact likely to give rise to any proceeding which may materially and adversely affect our financial position or business save for the following:

**Arbitration Claim by SGV Builders Sdn Bhd ("SGV") against Dancomech Engineering**

On 20 May 2014 SGV initiated arbitration proceedings against Dancomech Engineering for non-payment of RM741,808.05 pursuant to a construction project at Lot 19, Jalan Pelukis U1/46, Seksyen U1, 40150 Bandar Shah Alam, Selangor Darul Ehsan ("**SGV's Claim**"). The non-payment by Dancomech Engineering was due to the alleged failure of SGV in completing the construction project within the stipulated timeframe as per the terms and conditions of the contract between Dancomech and SGV dated 18 May 2012 ("**Contract**"). SGV subsequently amended its points of claim by, among others, increasing the amount claimed for loss and expenses incurred and disregarding the retention sum held by SGV. As a result, the total amount claimed by SGV under this arbitration proceedings increased to RM1,401,169.95 ("**SGV's Amended Claim**").

On 6 June 2014 Dancomech Engineering served a reply to the Notice of Arbitration and filed a counter-claim against SGV for a sum of RM461,000.00 ("**Counter Claim**"). The hearing for this matter commenced on 26 April 2016 and 27 April 2016 and further hearing dates were fixed for arbitration hearing on 11 July and 25 July to 29 July 2016. Dancomech Engineering's solicitors are of the view that Dancomech Engineering has a 50:50 chance in defending the SGV's Claim and succeeding in the Counter Claim.

## 15. ADDITIONAL INFORMATION *(Cont'd)*

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In addition to the aforesaid arbitration proceedings, on 22 September 2015, SGV initiated an adjudication proceedings against Dancomech Engineering on substantially the same subject matter set out in the arbitration proceedings above. On 24 February 2016, the adjudicator has awarded SGV (“**Adjudication Award**”) among others, RM890,451.05 (“**Adjudication Amount**”) which forms part of SGV’s Amended Claim.

As at LPD, Dancomech Engineering has complied with the Adjudication Award which includes payment of the Adjudicated Amount plus interest and costs to SGV.

The outcome of this arbitration proceedings will prevail over the Adjudication Award, and will be the final award for this matter.

### 15.5 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT

As our Group does not physically operate in other countries, there is no governmental law, decree, regulation or other requirement which may affect the repatriation of capital and the remittance of profit by or to our Group.

### 15.6 PUBLIC TAKE-OVER OFFERS

None of the following has occurred in the last financial year or the current financial year up to the LPD:

- (i) Public take-over offers by third parties for our Shares; and
- (ii) Public take-over offers by our Company for other companies’ shares.

### 15.7 CONSENTS

The written consents of our Principal Adviser, Managing Underwriter, Joint Underwriters and Placement Agent, Solicitor, Principal Bankers, Issuing House, Share Registrar and Company Secretaries for inclusion in this Prospectus of their names and all references thereto in the manner, form and context in which their names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of Grant Thornton for the inclusion of its name, Accountants’ Report, Letter on the Compilation of Pro Forma Consolidated Statements of Financial Position of the Group and all references thereto in the manner, form and context in which they appear in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of Protégé Associates Sdn Bhd for the inclusion in this Prospectus of its name and executive summary of the IMR Report and all reference thereto in the manner, form and context in which they appear in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of Crowe Horwath for the inclusion of its name and all references thereto in the manner, form and context in which they appear in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

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**15. ADDITIONAL INFORMATION (Cont'd)**

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**15.8 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at our registered office during normal business hours for a period of twelve (12) months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of our Company;
- (ii) Material contracts as referred to in Section 15.3;
- (iii) Distributorship Agreements as referred to in Section 6.12;
- (iv) The cause papers in respect of the material litigation, as referred to in Section 15.4;
- (v) Reporting Accountants' Letter on the Compilation of Pro Forma Consolidated Statements of Financial Position as included in Section 11.2;
- (vi) Accountants' Report as included in Section 13;
- (vii) Combined financial statements of Dancomech Group for FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014;
- (viii) Consolidated financial statements of Dancomech Group for FYE 31 December 2015;
- (ix) IMR Report referred to in this Prospectus as included in Section 7;
- (x) Directors' Report as included in Section 14;
- (xi) Audited financial statements of Dancomech, Dancomech Engineering, Optimis and Dancomech JB for the past four (4) FYE (2012 to 2015); and
- (xii) Letters of consent as referred to in Section 15.7.

**15.9 RESPONSIBILITY STATEMENT**

Our Directors, Promoters and Offerors have seen and approved this Prospectus and we collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, after having made all reasonable enquiries, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

MIDF Investment, being our Principal Adviser, Managing Underwriter, Joint Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our Public Issue and Offer for Sale.

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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

### 16.1 OPENING AND CLOSING OF APPLICATIONS

Applications will be accepted from 10.00 a.m. on 23 June 2016 to 5.00 p.m. on 12 July 2016 or for such further period or periods as the Directors, Promoters and Offerors of Dancomech together with the Joint Underwriters in their absolute discretion may mutually decide. In the event that the closing date of the Public Issue is extended, the dates for the balloting, allotment of the Issue Shares and the Listing will be extended accordingly. Any extension of the abovementioned dates will be announced by way of advertisements in both widely circulated daily Bahasa Malaysia and English newspapers within Malaysia. **Late applications will not be accepted.**

### 16.2 METHODS OF APPLICATION

Application of our Issue Shares must be made using the method designated for each of the categories of investors identified as follows:

| Class of applicants  | Type of Application Form  |
|--|---|
| Eligible directors, employees and persons who have contributed to the success of our Group | <b>Pink Application Form</b> only   |
| Public (individuals)   | <b>White Application Form</b> or Electronic Share Application or Internet Share Application |
| Public (non-individuals, e.g. corporations, institutions, etc.)                            | <b>White Application Form</b> only  |

The eligible directors of our Group, the eligible employees of our Group, and the eligible persons who have contributed to the success of our Group who have made an application using a Pink Application Form may still apply for the Public Issue Shares offered to the Malaysian Public using either the White Application Form, Electronic Share Application or Internet Share Application.

Only one (1) Application Form from each applicant will be considered and an application must be for 100 Public Issue Shares or multiples thereof. **MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED.** If the applicants submit multiple applications in their own name or by using the name of others, with or without their consents, they will be committing an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and a jail term of up to ten years under Section 182 of the CMSA.

Applicants using **White Application Form** are not allowed to submit multiple applications in the same category of application. Further, applicants who have submitted their applications using the **White Application Form** are not allowed to make additional applications using the Electronic Share Application or Internet Share Application, and vice versa.

**FULL INSTRUCTIONS FOR THE APPLICATION FOR OUR ISSUE SHARES UNDER THE RETAIL OFFERING AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. YOU ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

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### 16.3 APPLICATIONS USING APPLICATION FORMS

#### (a) Types of Application Forms

The following relevant Application Forms are issued with their notes and instructions enclosed together with this Prospectus:

**White Application Forms** together with copies of this Prospectus may be obtained, subject to availability, from MIDF Investment, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association, the Issuing House and our Company.

**Pink Application Forms** and letters from us detailing the respective allocations will be provided separately. The applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

The submission of an Application Form does not necessarily mean that your application will be successful.

- (i) **Pink Application Forms** for application by the eligible directors, employees and persons who have contributed to the success of our Group; and
- (ii) **White Application Forms** for application by the Malaysian Public.

#### (b) Terms and conditions for applications using Application Forms

Applications by way of Application Forms shall be made on, and subject to, the terms and conditions set out below:-

- (i) Applicant who is an individual must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address (**White Application Forms** only).
- (ii) Applicants which are corporations/institutions incorporated in Malaysia must have a CDS account and be subject to the following:-
  - (a) If the corporation/institution has a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
  - (b) There is majority of Malaysian citizens on the board of directors/trustee.
- (iii) Applicant which is a superannuation, provident or pension fund must be established or operating in Malaysia and has a CDS account.
- (iv) Applications will not be accepted from trustees, any person under eighteen (18) years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in **Section 16.3(b)(ii)** above or the trustees thereof.
- (v) Application for the Shares must be made on the respective Application Forms issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed therein is accompanied by this Prospectus. Applications which **do not STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible will not be accepted.

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (vi) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE BY EITHER:
- BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
  - MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
  - GUARANTEED GIRO ORDER (GGO) FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS)

AND MUST BE MADE OUT IN FAVOUR OF **MIH SHARE ISSUE ACCOUNT NO. 577** AND CROSSED "A/C PAYEE ONLY" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT.

APPLICATIONS ACCOMPANIED BY MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER'S DRAFTS/CASHIER'S ORDERS/MONEY ORDERS OR POSTAL ORDER/GGO WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

- (vii) AN APPLICANT **MUST** STATE HIS CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM AND HE SHALL BE DEEMED TO HAVE AUTHORISED BURSA DEPOSITORY TO DISCLOSE INFORMATION PERTAINING TO THE CDS ACCOUNT TO THE ISSUING HOUSE/COMPANY.
- (viii) THE NAME AND ADDRESS OF THE APPLICANT MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, MONEY ORDER OR POSTAL ORDER OR GGO FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD.
- (ix) The Board reserves the right to require any successful applicant to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. The Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (x) The Issuing House on the authority of the Board reserves the right to reject Applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (xi) The Issuing House on the authority of the Board reserves the right not to accept any Application or accept any Application in part only without assigning any reason therefore. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

- (xii) Where an Application is not accepted or accepted in part only, the full amount or the balance of the Application monies, as the case may be, without interest, will be refunded to the applicant within ten (10) Market Days from the date of the final ballot via the self-addressed and stamped Official "A" envelope they provided by ordinary post (for fully unsuccessful applications) or by crediting into the applicant's bank account for purposes of cash dividend/distribution if he has provided such bank account information to Bursa Depository or by ordinary post/registered post if he has not provided such bank account information to Bursa Depository (for partially successful applications) or where the application is not accepted due to the applicant not having provided a CDS account, to the address per the National Registration Identity Card or "Resit Pengenalan Sementara (KPPK 09)" or any valid temporary identity document as issued by the National Registration Department from time to time where applicable in the case of individual applicants (except for armed forces/police personnel) and the registered address in the case of corporate/institutional applicants. Armed forces/police personnel must use the address of the respective camp/base/station) at the applicant's own risk.
- (xiii) The applicant shall ensure that his/her personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. The applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to his/her registered or correspondence address last maintained with Bursa Depository.
- (xiv) The Issuing House on the authority of the Board reserves the right to bank in all Application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest by crediting into the applicant's bank account for purposes of cash dividend/distribution if he has provided such bank account information to Bursa Depository or by ordinary post to the applicant's address last maintained with Bursa Depository if he has not provided such bank account information to Bursa Depository.
- (xv) Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents must be dispatched by **ORDINARY POST** in the official envelopes provided, to the following address:-
- 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
- Or
- P.O. Box 8269  
 Pejabat Pos Kelana Jaya  
 46785 Petaling Jaya  
 Selangor Darul Ehsan
- or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, so as to arrive not later than 5.00 p.m. on 12 July 2016 or for such further period or periods as the Board, Promoters and Offerors of our Company together with the Joint Underwriters in their absolute discretion may mutually decide.
- (xvi) Directors and employees of the Issuing House and their immediate families are strictly prohibited from applying for the Shares.



**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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- (xvii) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO THE ISSUING HOUSE.

**16.4 APPLICATIONS USING ELECTRONIC SHARE APPLICATION****(a) Steps for Electronic Share Application through a Participating Financial Institution's ATM**

- (i) Applicant must have an account with a Participating Financial Institution (as detailed in **Section 16.4 (b)** below) and an ATM card issued by that Participating Financial Institution to access the account.
- (ii) Applicant must have a CDS account.
- (iii) Applicant is to apply for the Shares, via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in **Section 16.4 (c)** below under the Terms and Conditions for Electronic Share Application. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application require him to do so:
- Personal Identification Number ("PIN");
  - MIH Share Issue Account No. 577;
  - CDS Account Number;
  - Number of Shares, applied for and/or the Ringgit Malaysia amount to be debited from the account; and
  - Confirmation of several mandatory statements.

**(b) Participating Financial Institutions**

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- Affin Bank Berhad;
- AmBank (M) Berhad;
- CIMB Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- Public Bank Berhad;
- RHB Bank Berhad ; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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**(c) Terms and conditions for Electronic Share Application**

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the "Steps"). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATM" in **Section 16.4 (a)** above. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

**Only an applicant who is an individual with a CDS Account is eligible to utilise the facility and in the case of a joint account, an individual CDS account registered in the applicant's name which is to be used for the purpose of the application if the applicant is making the application instead of a CDS account registered in the joint account holder's name.**

The applicant must have an existing bank account with, and be an ATM cardholder of, one of the Participating Financial Institutions before he can make an Electronic Share Application at an ATM of that Participating Financial Institutions. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for shares at an ATM belonging to other Participating Financial Institutions. Upon completion of his Electronic Share Application transaction, the applicant will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or the Issuing House. **The Transaction Record is for retention by the applicant and should not be submitted with any Application Form.**

Upon the closing of the offer for the Application for the Shares, on 12 July 2016, at 5.00 p.m. ("**Closing Date and Time**"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the Shares to the Issuing House as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Share Application for shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the applicant making only one (1) Application. An applicant who has a bank account with a Participating Financial Institution and has been issued an ATM card will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to the applicant making only one (1) Application.

AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions set out below:

- (i) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of our Company.
- (ii) The applicant is required to confirm the following statement (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:
  - The applicant has attained 18 years of age as at the Closing Date of the application for the Issue Shares;
  - The applicant is a Malaysian citizen residing in Malaysia;
  - The applicant has read the relevant Prospectus and understood and agreed with the terms and conditions of this Application;
  - This is the only Application that the applicant is submitting; and
  - The applicant hereby gives consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to himself and his account with the Participating Financial Institution and Bursa Depository to the Issuing House and other relevant authorities.

The Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless the applicant completes all the Steps required by the Participating Financial Institution. By doing so, the applicant shall be treated as signifying his confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 133 of the Financial Services Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of the applicant's particulars to the Issuing House, or any relevant regulatory bodies.

- (iii) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR SHARES AS NOMINEE OF ANY OTHER PERSONS AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE (1) ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE SHARES WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS OR VIA INTERNET SHARE APPLICATION.
- (iv) The applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.

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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

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- (v) The applicant agrees and undertakes to subscribe for or purchase and to accept the number of Shares applied for as stated on the Transaction Record or any lesser number of Shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that our Company decides to allot or allocate any lesser number of Shares or not to allot or allocate any Shares to the applicant, the applicant agrees to accept any such decision as final. If the applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key or button on the ATM) of the number of Shares applied for shall signify, and shall be treated as, his acceptance of the number of Shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of our Company.
- (vi) The Issuing House on the authority of our Directors reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefore. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (vii) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful Applications. Where the Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the Application monies without interest into the applicant's account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from the Issuing House. The Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful Applications within two (2) Market Days after the balloting date. The applicants may check their accounts on the fifth (5<sup>th</sup>) Market Day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the Participating Financial Institution within two (2) Market Days after the receipt of confirmation from the Issuing House. A number of Applications will, however, be held in reserve to replace any successfully balloted Applications which are subsequently rejected. For such Applications which are subsequently rejected, the Application monies without interest will be refunded to applicants by the Issuing House by crediting into the applicant's account with the Participating Financial Institutions within ten (10) Market Days from the day of the final ballot, at your own risk. Should applicants encounter any problems in their Applications, they may refer to the Participating Financial Institutions.

- (viii) The applicant requests and authorises our Company:-
  - (a) to credit the Shares allotted or allocated to the applicant into the CDS account of the applicant; and
  - (b) to issue share certificate(s) representing such Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn. Bhd. and send the same to Bursa Depository.
- (ix) The applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, the Issuing House or the Participating Financial Institution, irrevocably agrees that if:-
  - (a) our Company or the Issuing House does not receive the applicant's Electronic Share Application; or

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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- (b) data relating to the applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or the Issuing House,

the applicant shall be deemed not to have made an Electronic Share Application and the applicant shall not claim whatsoever against our Company, the Issuing House or the Participating Financial Institutions for the Shares applied for or for any compensation, loss or damage.

- (x) All particulars of the applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct and our Company, the Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) The applicant shall ensure that his personal particulars as recorded by both Bursa Depository and relevant Participating Financial Institution are correct and identical. Otherwise, his Electronic Share Application is liable to be rejected. The applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to his registered or correspondence address last maintained with Bursa Depository.
- (xii) By making and completing an Electronic Share Application, the applicant agrees that:
- (a) in consideration of our Company agreeing to allow and accept the making of any Application for Shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Share Application is irrevocable;
- (b) our Company, the Participating Financial Institutions, Bursa Depository and the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
- (c) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of the offer made by the applicant to subscribe for and purchase Shares for which the applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the said Shares;
- (d) the applicant irrevocably authorises Bursa Depository to complete and sign on his behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Shares allotted or allocated to the applicant; and
- (e) Our Company agrees that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the Electronic Share Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.

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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

- (xiii) The Board reserves the right to require any successful applicant to appear in person at the registered office of the Issuing House within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. The Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (xiv) The Issuing House on the authority of the Board reserves the right to reject applications which do not conform to these instructions.
- (xv) The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:
  - Affin Bank Berhad – No fee will be charged for application by their account holders;
  - AmBank (M) Berhad – RM1.00;
  - CIMB Bank Berhad – RM2.50
  - HSBC Bank Malaysia Berhad – RM2.50;
  - Malayan Banking Berhad – RM1.00;
  - Public Bank Berhad – RM2.00;
  - RHB Bank Berhad – RM2.50; or
  - Standard Chartered Bank Malaysia Berhad (as selected branches only) – RM2.50

### 16.5 APPLICATIONS USING INTERNET SHARE APPLICATION

#### (a) Steps for Internet Share Application

The exact steps for Internet Share Application in respect of the Issue Shares are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an application for the Issue Shares via Internet Share Application may be as set out below. The steps set out the actions that the applicant must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

**THE APPLICANT MUST HAVE A CDS ACCOUNT BEFORE HE CAN MAKE ANY APPLICATION FOR THE ISSUE SHARES. PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.**

- (i) Connect to the Internet financial services website of the Internet Participating Financial Institution with which the applicant has an account.
- (ii) Login to the Internet financial services facility by entering the applicant's user identification and PIN/password.
- (iii) Navigate to the section of the website on applications in respect of initial public offerings.
- (iv) Select the counter in respect of the Issue Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (vi) At the next screen, complete the online application form.
- (vii) Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of Issue Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (viii) By confirming such information, the applicant also undertakes that the following information given are true and correct:-
  - (a) The applicant has attained eighteen (18) years of age as at the Closing Date of the application for the Issue Shares;
  - (b) The applicant is a Malaysian citizen residing in Malaysia;
  - (c) The applicant has, prior to making the Internet Share Application, received and/or has had access to a printed/electronic copy of this Prospectus, the contents of which the applicant has read and understood;
  - (d) The applicant agrees to all the terms and conditions of the Internet Share Application as set out in this Prospectus and has carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the Issue Shares;
  - (e) The Internet Share Application is the only application that the applicant is submitting for the Issue Shares;
  - (f) The applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Issue Shares from the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution;
  - (g) The applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to the applicant, the Internet Share Application made by the applicant or the applicant's account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
  - (h) The applicant is not applying for the Issue Shares as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus;

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (i) The applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the Public Issue, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Applications services or if such disclosure is requested or required in connection with the Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services;
- (ix) Upon submission of the online application form, the applicant will be linked to the website of the Authorised Financial Institution to effect the online payment of the application money for the Public Issue.
- (x) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment of the application money is being made.
- (xi) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (xii) The applicant is advised to print out the Confirmation Screen for reference and retention.

**(b) Terms and conditions for Internet Share Application**

Applications for the Issue Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

**APPLICANTS ARE ADVISED NOT TO APPLY FOR THE ISSUE SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.**

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:

- Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com); or
- Affin Hwang Investment Bank Berhad at [trade.affinhwang.com](http://trade.affinhwang.com) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com); or
- CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com); or
- CIMB Investment Bank Berhad at [www.eipocimb.com](http://www.eipocimb.com); or
- Malayan Banking Berhad at [www.maybank2u.com.my](http://www.maybank2u.com.my) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com); or
- Public Bank Berhad at [www.pbebank.com](http://www.pbebank.com) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com); or
- RHB Bank Berhad at [www.rhbgroup.com](http://www.rhbgroup.com) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com).



**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR INTERNET SHARE APPLICATIONS IN RESPECT OF THE ISSUE SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out herein:

- (a) An applicant making an Internet Share Application shall:-
- (i) be an individual with a CDS Account and in the case of a joint account, an individual CDS account registered in the applicant's name which is to be used for the purpose of the application if the applicant is making the application instead of a CDS account registered in the joint account holder's name;
  - (ii) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. Applicant must have ready their user identification ("User ID") and PIN/password for the relevant Internet financial services facilities; and
  - (iii) be a Malaysian citizen and have a mailing address in Malaysia.

Applicants are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the Issue Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (b) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Company's Memorandum and Articles of Association.
- (c) The application will not be successfully completed and cannot be recorded as a completed application unless the applicant has completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of the applicant's Internet Share Application, including the number of Issue Shares applied for which can be printed out by the applicant for his records.

Upon the display of the Confirmation Screen, the applicant shall be deemed to have confirmed the truth of the statements set out in **Section 16.5(a)(viii)** herein.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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- (d) The applicant must have sufficient funds in the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the Issue Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- (e) The applicant irrevocably agrees and undertakes to subscribe for and to accept the number of Issue Shares applied for as stated on the Confirmation Screen or any lesser number of Issue Shares that may be allotted to the applicant in respect of the Internet Share Application. In the event that our Company decides to allot any lesser number of such Issue Shares or not to allot any Issue Shares to the applicant, the applicant agrees to accept any such decision of our Company as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, the confirmation by the applicant of the number of Issue Shares applied for (by way of the applicant's action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- (i) acceptance by the applicant of the number of Issue Shares that may be allotted or allocated to the applicant in the event that the applicant's Internet Share Application is successful or successful in part, as the case may be; and
- (ii) The applicant's agreement to be bound by the Memorandum and Articles of Association of our Company.
- (f) The applicant is fully aware that multiple or suspected multiple Internet Share Applications for the Issue Shares of our Company will be rejected. The Issuing House, on the authority of our Company reserves the right to reject or accept any Internet Share Application in whole or in part only without assigning any reason therefore. Due consideration will be given to the desirability of allotting or allocating the Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (g) Where an Internet Share Application is unsuccessful or successful in part only, the Issuing House shall inform the relevant Internet Participating Financial Institution of the unsuccessful or partially successful Internet Share Application within two (2) Market Days after the balloting date. The Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies or the balance of it (as the case may be) in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from the Issuing House.

A number of applications will however be held in reserve to replace any successfully balloted applications that are subsequently rejected. In respect of such applications that are subsequently rejected, the application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to applicants by the Issuing House by crediting into the applicant's account with the Internet Participating Financial Institution within ten (10) Market Days from the day of the final ballot.

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application money (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within two (2) Market Days after receipt of confirmation by the Issuing House.

Except where the Issuing House is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, applicants are strongly advised to consult the Internet Participating Financial Institution through which the application was made in respect of the mode or procedure of enquiring on the status of an applicant's Internet Share Application in order to determine the status or exact number of Issue Shares allotted, if any, before trading the Issue Shares on Bursa Securities.

- (h) Internet Share Applications will be closed at 5.00 p.m. on 12 July 2016 or for such further period or periods as the Directors, Promoters and Offerors of Dancomech together with the Joint Underwriters in their absolute discretion may mutually decide. An Internet Share Application is deemed to be received only upon its completion, that is when the Confirmation Screen is displayed on the Internet financial services website. The applicants are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (i) The applicant irrevocably agrees and acknowledges that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution, the Issuing House and our Company. If, in any such event, our Company, the Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive the applicant's Internet Share Application and/or the payment therefore, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, the applicant shall be deemed not to have made an Internet Share Application and the applicant shall have no claim whatsoever against our Company, the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the Issue Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- (j) All particulars of the applicant in the records of the relevant Internet Participating Financial Institution at the time of the Internet Share Application shall be deemed to be true and correct, and our Company, the Internet Participating Financial Institutions, the Issuing House and all other persons who, are entitled or allowed under the law to such information or where the applicant expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

The applicant shall ensure that the personal particulars of the applicant as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical, otherwise the applicant's Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to the applicant's address last registered with Bursa Depository. It is the responsibility of the applicant to notify the Internet Participating Financial Institution and Bursa Depository of any changes in the applicant's personal particulars that may occur from time to time.

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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- (k) By making and completing an Internet Share Application, the applicant is deemed to have agreed that:-
- (i) In consideration of our Company making available the Internet Share Application facility to the applicant, through the Internet Participating Financial Institution acting as agents of our Company, the Internet Share Application is irrevocable;
  - (ii) The applicant has irrevocably requested and authorised our Company to register the Issue Shares allotted to the applicant for deposit into the applicant's CDS Account;
  - (iii) Neither our Company nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to the Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in **Section 16.5(b)(j)** herein or to any cause beyond their control;
  - (iv) The applicant shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of the applicant's Internet Share Application by the Issuing House, our Company and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution;
  - (v) The acceptance of the offer made by the applicant to subscribe for the Issue Shares for which the applicant's Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by or on behalf of our Company and not otherwise, notwithstanding the receipt of any payment by or on behalf of our Company;
  - (vi) The applicant is not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of the applicant's Internet Share Application by our Company;
  - (vii) In making the Internet Share Application, the applicant has relied solely on the information contained in this Prospectus. Our Company, our Sponsor, our Adviser and any other person involved in the Public Issue shall not be liable for any information not contained in this Prospectus which may have been relied on by the applicant in making the Internet Share Application;
  - (viii) The acceptance of an applicant's Internet Share Application by our Company and the contract resulting therefrom under the Public Issue shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (l) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- (i) Affin Bank Berhad - No fee will be charged for application by their account holders;
  - (ii) Affin Hwang Investment Bank Berhad - No fee will be charged for application by their account holders;
  - (iii) CIMB Bank Berhad - RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
  - (iv) CIMB Investment Bank Berhad - RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;
  - (v) Malayan Banking Berhad - RM1.00;
  - (vi) Public Bank Berhad - RM2.00;
  - (vii) RHB Bank Berhad - RM2.50.

**16.6 APPLICATIONS AND ACCEPTANCES**

The Issuing House on the authority of the Board reserves the right not to accept any Application which does not strictly comply with the instructions or to accept any Application in part only without assigning any reason therefore.

The submission of an Application Form, or the completion of the applicant's Electronic Share Application or Internet Share Application, does not necessarily mean that the Application will be successful.

**ALL APPLICATIONS MUST BE FOR 100 ORDINARY SHARES OR MULTIPLES THEREOF.**

In the event of an over-subscription, acceptance of Applications by Malaysian public shall be subject to ballot to be conducted in the manner approved by the Directors of our Company and on a fair and equitable basis. Due consideration will be given to the desirability of distributing the Shares, to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the Shares of our Company. Pursuant to the listing requirements of Bursa Securities, at least 25% of the enlarged issued and paid-up share capital of our Company must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each upon completion of the Public Issue and at the point of Listing. In the event that the above requirement is not met pursuant to the Public Issue, our Company may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all Applications will be returned without interest. Applicants will be selected in a manner to be determined by the Directors of our Company.

Directors and employees of the Issuing House and their immediate families are strictly prohibited from applying for the Shares.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED BY ORDINARY POST OR REGISTERED POST RESPECTIVELY TO THE APPLICANT WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT THE ADDRESS REGISTERED WITH THE BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.

THE ISSUING HOUSE RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND FROM PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL BUMIPUTERA APPLICANTS WHOSE MONIES HAVE BEEN BANKED-IN AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST BY CREDITING INTO THE APPLICANTS' BANK ACCOUNT FOR PURPOSES OF CASH DIVIDEND/DISTRIBUTION IF THEY HAVE PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY OR BY ORDINARY POST/REGISTERED POST TO THEIR LAST ADDRESS MAINTAINED WITH BURSA DEPOSITORY (FOR PARTIALLY SUCCESSFUL APPLICATIONS) WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT IF THEY HAVE NOT PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY.

**16.7 CDS ACCOUNTS**

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the securities of our Company as Prescribed Securities. In consequence thereof, the Shares issued through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with aforesaid Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

Only an applicant who has a CDS account can make an Application by way of an Application Form. An applicant should state his CDS account number in the space provided on the Application Form and he/she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to The Issuing House/our Company. Where an applicant does not presently have a CDS account, he/she should open a CDS account at an ADA prior to making an Application for the Shares.

In the case of an Application by way of Electronic Share Application, only an applicant who has a CDS Account can make an Electronic Share Application. The applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application require him to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, the applicant's CDS account number would automatically appear in the e-Public Issue online application form.

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, may result in the Application being rejected. If a successful applicant fails to state his/her CDS account number, The Issuing House on the authority of our Company will reject the Application. The Issuing House on the authority of the Directors of our Company also reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

**16.8 NOTICE OF ALLOTMENT**

The Shares allotted to all successful or partially successful applicants will be credited to their respective CDS accounts. A notice of allotment will be dispatched to the successful or partially successful applicant at his address last maintained with Bursa Depository at the applicant's own risk prior to the Listing of our Company. For Electronic Share Application or Internet Share Application, the notice of allotment will be dispatched to the successful or partially successful applicant at his address last maintained with Bursa Depository at the applicant's own risk prior to the Listing of our Company. This is the only acknowledgement of acceptance of the Application.

All applicants must inform Bursa Depository of his/her updated address promptly by adhering to certain rules and regulation of Bursa Depository, failing which, the notification letter on successful allotment shall be sent to the applicant's address last maintained with Bursa Depository.

**16.9 ENQUIRIES**

You may contact our Issuing House if you have any queries on the **White Application Form** at (603)-7841 8289. If you have any enquiry with regards to your Electronic Share Application or Internet Share Application, you may refer to the relevant Participating Financial Institution/Internet Participating Financial Institution. You may check the status of your application by calling our Issuing House at (603)-7841 8289 or your ADA at the telephone number as stated in Section 16.10 of this Prospectus between five (5) to ten (10) Market Days (during office hours only) after the balloting date.

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****16.10 LIST OF AUTHORISED DEPOSITORY AGENTS**

The list of the ADAs and their respective Broker codes are as follows:

| Name                               | Address and Telephone Number  | Broker Code |
|------------------------------------|---|-------------|
| <b>KUALA LUMPUR</b>                |   |             |
| AFFIN HWANG INVESTMENT BANK BERHAD | Ground, Mezzanine & 3 <sup>rd</sup> Floor<br>Menara Chulan<br>No. 3, Jalan Conlay<br>50450 Kuala Lumpur<br>Tel No : 03-21438668 | 068-018     |
| AFFIN HWANG INVESTMENT BANK BERHAD | 38A & 40A<br>Jalan Midah 1<br>Taman Midah<br>56000 Cheras<br>Kuala Lumpur<br>Tel No : 03-91308803                               | 068-021     |
| ALLIANCE INVESTMENT BANK BERHAD    | Level 17, Menara Multi-Purpose<br>Capital Square<br>8, Jalan Munshi Abdullah<br>50100 Kuala Lumpur<br>Tel No : 03- 26043333     | 076-001     |
| AMINVESTMENT BANK BERHAD           | 15th Floor, Bangunan AmBank Group<br>55, Jalan Raja Chulan<br>50200 Kuala Lumpur<br>Tel No : 03-20782788 / 20362633             | 086-001     |
| BIMB SECURITIES SDN BHD            | Level 32, Menara Multi Purpose<br>Capital Square<br>No. 8, Jalan Munshi Abdullah<br>50100 Kuala Lumpur<br>Tel No : 03-26918887  | 024-001     |
| CIMB INVESTMENT BANK BERHAD        | Level 17, Menara CIMB<br>Jalan Stesen Sentral 2<br>Kuala Lumpur Sentral<br>50470 Kuala Lumpur<br>Tel No : 03-22618888           | 065-001     |
| FA SECURITIES SDN BHD              | A-10-1 & A-10-17<br>Level 10, Menara UOA Bangsar<br>No. 5, Jalan Bangsar Utama 1<br>59000 Kuala Lumpur<br>Tel No : 03-22881676  | 021-002     |
| HONG LEONG INVESTMENT BANK BERHAD  | Level 7, Menara HLA<br>No. 3, Jalan Kia Peng<br>50450 Kuala Lumpur<br>Tel No : 03-21616121 / 21681168                           | 066-001     |
| HONG LEONG INVESTMENT BANK BERHAD  | Level 18, Menara Raja Laut<br>288, Jalan Raja Laut<br>50350 Kuala Lumpur<br>Tel No : 03-26910200 / 26928899                     | 066-006     |



**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|  |  |         |
|--|--|---------|
| HONG LEONG INVESTMENT BANK<br>BERHAD           | Level 25 & 26<br>Menara LGB<br>No 1, Jalan Wan Kadir<br>60000, Taman Tun Dr Ismail<br>Kuala Lumpur<br>Tel No : 0.-77236300               | 066-007 |
| AFFIN HWANG INVESTMENT BANK<br>BERHAD          | 2nd Floor, Bangunan AHP<br>No. 2, Jalan Tun Mohd Fuad 3<br>Taman Tun Dr. Ismail<br>60000 Kuala Lumpur<br>Tel No : 03-77106688            | 068-009 |
| INTER-PACIFIC SECURITIES SDN BHD               | West Wing, Level 13<br>Berjaya Times Square<br>No. 1, Jalan Imbi<br>55100 Kuala Lumpur<br>Tel No : 03-21171888                           | 054-001 |
| INTER-PACIFIC SECURITIES SDN BHD               | Ground Floor, 7-0-8, Jalan 3/109F<br>Danau Business Centre, Danau Desa<br>58100 Kuala Lumpur<br>Tel No : 03-79847796                     | 054-003 |
| INTER-PACIFIC SECURITIES SDN BHD               | No. 33-1 (First Floor)<br>Jalan Radin Bagus<br>Bandar Baru Seri Petaling<br>57000 Kuala Lumpur<br>Tel No : 03-9056 2921                  | 054-007 |
| JUPITER SECURITIES SDN BHD                     | Level 8 & 9, Menara Olympia<br>No. 8, Jalan Raja Chulan<br>50200 Kuala Lumpur<br>Tel No : 03-20341888                                    | 055-001 |
| KAF-SEAGROATT & CAMPBELL<br>SECURITIES SDN BHD | 11th-14th Floor, Menara Chulan<br>No. 3, Jalan Conlay<br>50450 Kuala Lumpur<br>Tel No : 03-21710228                                      | 053-001 |
| KENANGA INVESTMENT BANK<br>BERHAD              | Level 8, Kenanga International<br>Jalan Sultan Ismail<br>50250 Kuala Lumpur<br>Tel No : 03-21649080                                      | 073-001 |
| KENANGA INVESTMENT BANK<br>BERHAD              | M3-A-7 & M3-A-8<br>Jalan Pandan Indah 4/3A<br>Pandan Indah<br>55100 Kuala Lumpur<br>Tel No : 03-42978806                                 | 073-020 |
| KENANGA INVESTMENT BANK<br>BERHAD              | 1st Floor West Wing<br>ECM Libra Building<br>8, Jalan Damansara Endah<br>Damansara Heights<br>50490 Kuala Lumpur<br>Tel No : 03-20892888 | 073-021 |
| KENANGA INVESTMENT BANK<br>BERHAD              | 1st Floor, Wisma Genting<br>Jalan Sultan Ismail<br>50250 Kuala Lumpur<br>Tel No : 03-21781133  | 073-029 |

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                                       |  |         |
|---------------------------------------|--|---------|
| M & A SECURITIES SDN BHD              | Level 1-3, No. 45 & 47<br>The Boulevard, Mid Valley City<br>Lingkar Syed Putra<br>59200 Kuala Lumpur<br>Tel No : 03-22821820 | 057-002 |
| M & A SECURITIES SDN BHD              | 22A-1, Jalan Kuchai Maju 1<br>Kuchai Entrepreneurs' Park<br>Off Jalan Kuchai Lama<br>58200 Kuala Lumpur<br>Tel No : 79839890 | 057-004 |
| MALACCA SECURITIES SDN BHD            | 55-1, Jalan Metro Perdana Barat 1<br>Taman Usahawan Kepong<br>52100 Kuala Lumpur<br>Tel No : 03-62418595                     | 012-009 |
| MALACCA SECURITIES SDN BHD            | No 76-1, Jalan Wangsa Delima 6,<br>Pusat Bandar Wangsa Maju (KLSC)<br>Setapak, 53300, Kuala Lumpur<br>Tel No : 03-41442565   | 012-012 |
| MAYBANK INVESTMENT BANK<br>BERHAD     | Level 5-13, MaybanLife Tower<br>Dataran Maybank<br>No. 1, Jalan Maarof<br>59000 Kuala Lumpur<br>Tel No : 03-22978888         | 098-001 |
| MERCURY SECURITIES SDN BHD            | L-7-2, No. 2<br>Jalan Solaris<br>Solaris Mont' Kiara<br>50480 Kuala Lumpur<br>Tel No : 03-62037227                           | 093-002 |
| MIDF AMANAH INVESTMENT BANK<br>BERHAD | Level 9,10, 11, 12 Menara MIDF<br>82, Jalan Raja Chulan<br>50200 Kuala Lumpur<br>Tel No : 03-21738888                        | 026-001 |
| PM SECURITIES SDN BHD                 | Mezzanine & 1st Floor<br>Menara PMI<br>No. 2, Jalan Changkat Ceylon<br>50200 Kuala Lumpur<br>Tel No : 03-21463000            | 064-001 |
| PUBLIC INVESTMENT BANK BERHAD         | 27th Floor, Public Bank Building<br>No. 6, Jalan Sultan Sulaiman<br>50000 Kuala Lumpur<br>Tel No : 03-22683000               | 051-001 |
| RHB INVESTMENT BANK BERHAD            | Level 1, Tower 3<br>RHB Centre, Jalan Tun Razak<br>50400 Kuala Lumpur<br>Tel No : 03-92873888                                | 087-001 |
| RHB INVESTMENT BANK BERHAD            | 4th Floor, Plaza OSK<br>Jalan Ampang<br>50450 Kuala Lumpur<br>Tel No : 03-23338333   | 087-018 |

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                                     |  |         |
|-------------------------------------|--|---------|
| RHB INVESTMENT BANK BERHAD          | No. 62 & 64, Vista Magna<br>Jalan Prima, Metro Prima<br>52100 Kuala Lumpur<br>Tel No : 03-62575869   | 087-028 |
| RHB INVESTMENT BANK BERHAD          | No. 5 & 7<br>Jalan Pandan Indah 4/33<br>Pandan Indah<br>55100 Kuala Lumpur<br>Tel No : 03-42804798   | 087-054 |
| RHB INVESTMENT BANK BERHAD          | Ground, 1st, 2nd & 3rd Floor<br>No. 55, Zone J4<br>Jalan Radin Anum<br>Bandar Baru Seri Petaling<br>57000 Kuala Lumpur<br>Tel No : 03-90587222 | 087-058 |
| TA SECURITIES HOLDINGS BERHAD       | Menara TA One<br>No. 22, Jalan P. Ramlee<br>50250 Kuala Lumpur<br>Tel No : 03-20721277   | 058-003 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | N-1-3, Plaza Damas<br>60, Jalan Sri Hartamas 1<br>Sri Hartamas<br>50480 Kuala Lumpur<br>Tel No : 03-62056000                                   | 078-004 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | Ground & 19th Floor<br>Menara Keck Seng<br>203 Jalan Bukit Bintang<br>55100 Kuala Lumpur<br>Tel No : 03-21471888                               | 078-010 |
| <b>SELANGOR DARUL EHSAN</b>         |  |         |
| AFFIN HWANG INVESTMENT BANK BERHAD  | 3rd & 4th Floor, Wisma Meru<br>1 Lintang Pekan Baru<br>Off Jalan Meru<br>41050 Klang<br>Selangor Darul Ehsan<br>Tel No : 03-33439999           | 068-019 |
| AFFIN HWANG INVESTMENT BANK BERHAD  | Lot 229, 2nd Floor, The Curve<br>6 Jalan PJU 7/3<br>Mutiara Damansara<br>47800 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-77298016   | 068-020 |
| AFFIN HWANG INVESTMENT BANK BERHAD  | No.79-1 & 79-2<br>Jalan Batu Nilam 5<br>Bandar Bukit Tinggi<br>41200 Klang<br>Selangor Darul Ehsan<br>Tel No : 03-33221999                     | 068-023 |

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                                       |  |         |
|---------------------------------------|--|---------|
| AMINVESTMENT BANK BERHAD              | 4th Floor, Plaza Damansara Utama<br>No. 2, Jalan SS21/60<br>47400 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-77106613                                    | 086-003 |
| CIMB INVESTMENT BANK BERHAD           | Level G & Level 1,<br>Tropicana City Office Tower<br>No 3 Jalan SS20/27<br>47400 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03 – 77173388                   | 065-009 |
| HONG LEONG INVESTMENT BANK<br>BERHAD  | Level 10<br>1 First Avenue<br>Bandar Utama<br>47800 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-77246888  | 066-002 |
| AFFIN HWANG INVESTMENT BANK<br>BERHAD | 16th, 18th-20th Floor, Plaza Masalam<br>No. 2, Jalan Tengku Ampuan Zabedah<br>E9/E<br>Section 9<br>40100 Shah Alam<br>Selangor Darul Ehsan<br>Tel No : 03-55133288 | 068-002 |
| AFFIN HWANG INVESTMENT BANK<br>BERHAD | East Wing & Centre Link<br>Floor 3A, Wisma Consplant 2<br>No. 7, Jalan SS 16/1<br>47500 Subang Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-56356688                | 068-010 |
| JF APEX SECURITIES BERHAD             | 6th Floor, Menara Apex<br>Off Jalan Semenyih, Bukit Mewah<br>43000 Kajang<br>Selangor Darul Ehsan<br>Tel No : 03-87361118  | 079-001 |
| JF APEX SECURITIES BERHAD             | 16th Floor<br>Menara Choy Fook On<br>No. 1B, Jalan Yong Shook Lin<br>46050 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-76201118                           | 079-002 |
| JF APEX SECURITIES BERHAD             | Block J-6-3A, Setia Walk<br>PSN Wawasan, Pusat Bandar Puchong<br>47160 Puchong<br>Selangor Darul Ehsan<br>Tel No : 03-58790163                                     | 079-004 |
| JUPITER SECURITIES SDN BHD            | No 42-46, 3 <sup>rd</sup> Floor<br>Jalan SS19/1D<br>47500 Subang Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-56324838  | 055-004 |

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                                   |   |         |
|-----------------------------------|---|---------|
| KENANGA INVESTMENT BANK<br>BERHAD | Ground – Fifth Floor<br>East Wing, Quattro West<br>No. 4, Lorong Persiaran Barat<br>46200 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-78626200                   | 073-005 |
| KENANGA INVESTMENT BANK<br>BERHAD | No. 55C, 2nd Floor<br>Jalan USJ 10/1F<br>47610 UEP Subang Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-80241773  | 073-006 |
| KENANGA INVESTMENT BANK<br>BERHAD | Lot 240, 2nd Floor, The Curve<br>No. 6, Jalan PJU 7/3<br>Mutiara Damansara<br>47800 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-77259095                         | 073-016 |
| KENANGA INVESTMENT BANK<br>BERHAD | Level 1 East Wing<br>Wisma Consplant 2<br>No. 7 Jalan SS 16/1<br>47500 Subang Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-56212118  | 073-030 |
| KENANGA INVESTMENT BANK<br>BERHAD | 35 (Ground & 1st Floor)<br>Jalan Tiara 3<br>Bandar Baru Klang<br>41150 Klang<br>Selangor Darul Ehsan<br>Tel No : 03-33488080  | 073-035 |
| MALACCA SECURITIES SDN BHD        | No. 16, Jalan SS15/4B<br>47500 Subang Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-56361533  | 012-002 |
| MALACCA SECURITIES SDN BHD        | No. 58 & 60, 1st Floor<br>Jalan SS2/67<br>47300 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-78761533   | 012-003 |
| MALACCA SECURITIES SDN BHD        | No 39-2, Jalan Temenggung 21/9<br>Seksyen 9, Bandar Mahkota Cheras<br>43200 Cheras, Selangor<br>Tel No : 03-90115913  | 012-011 |
| MAYBANK INVESTMENT BANK<br>BERHAD | Suite 8.02, Level 8, Menara Trend<br>Intan Millennium Square<br>No. 68, Jalan Batai Laut 4, Taman<br>Intan<br>41300 Klang<br>Selangor Darul Ehsan<br>Tel No : 03 30508888 | 098-003 |

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                                |  |         |
|--------------------------------|--|---------|
| MAYBANK INVESTMENT BANK BERHAD | Wisma Bentley Music<br>Level 1, No. 3, Jalan PJU 7/2<br>Mutiara Damansara<br>47800 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03 77188888                   | 098-004 |
| PM SECURITIES SDN BHD          | No. 157, Jalan Kenari 23A<br>Bandar Puchong Jaya<br>47100 Puchong<br>Selangor Darul Ehsan<br>Tel No : 03-80700773  | 064-003 |
| PM SECURITIES SDN BHD          | No. 18 & 20, Jalan Tiara 2<br>Bandar Baru Klang<br>41150 Klang<br>Selangor Darul Ehsan<br>Tel No : 03-33415300   | 064-007 |
| RHB INVESTMENT BANK BERHAD     | 24, 24M, 24A, 26M, 28M, 28A&30<br>Jalan SS 2/63<br>47300 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-78736366   | 087-011 |
| RHB INVESTMENT BANK BERHAD     | No. 37, Jalan Semenyih<br>43000 Kajang<br>Selangor Darul Ehsan<br>Tel No : 03-87363378   | 087-045 |
| RHB INVESTMENT BANK BERHAD     | First Floor<br>10 & 11 Jalan Maxwell<br>48000 Rawang<br>Selangor Darul Ehsan<br>Tel No : 03-60928916   | 087-047 |
| RHB INVESTMENT BANK BERHAD     | Ground & Mezzanine Floor<br>No. 87 & 89, Jalan Susur<br>Pusat Perniagaan NBC<br>Batu 1½, Jalan Meru<br>41050 Klang<br>Selangor Darul Ehsan<br>Tel No : 03-33439180 | 087-048 |
| RHB INVESTMENT BANK BERHAD     | Unit 1B, 2B & 3B<br>Jalan USJ 10/1J<br>47610 UEP Subang Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-80221888   | 087-059 |
| SJ SECURITIES SDN BHD          | Ground Floor, Podium Block<br>Wisma Synergy<br>Lot 72, Persiaran Jubli Perak<br>Section 22<br>40000 Shah Alam<br>Selangor Darul Ehsan<br>Tel No : 03-51920202      | 096-001 |
| SJ SECURITIES SDN BHD          | 101B, Jalan SS15/5A<br>47500 Subang Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-56317888   | 096-002 |

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                                   |   |         |
|-----------------------------------|---|---------|
| SJ SECURITIES SDN BHD             | No. 47-2 Jalan Batu Nilam 5<br>Bandar Bukit Tinggi<br>41200 Klang<br>Selangor Darul Ehsan<br>Tel No : 03-33221915                             | 096-004 |
| SJ SECURITIES SDN BHD             | No. A-3-11 Block Alamanda<br>10 Boulevard Lebuhraya Sprint<br>PJU 6A, 47400 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-77323862     | 096-005 |
| TA SECURITIES HOLDINGS BERHAD     | No. 2-1, 2-2, 2-3 & 4-2<br>Jalan USJ 9/5T, Subang Business<br>Centre<br>47620 UEP Subang Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-80251880 | 058-005 |
| TA SECURITIES HOLDINGS BERHAD     | 2nd Floor, Wisma TA<br>1A Jalan SS20/1<br>Damansara Utama<br>47400 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No : 03-77295713              | 058-007 |
| <b><u>MELAKA</u></b>              |   |         |
| CIMB INVESTMENT BANK BERHAD       | Ground, 1st & 2nd Floor<br>No. 191, Taman Melaka Raya<br>Off Jalan Parameswara<br>75000 Melaka<br>Tel No : 06-2898800                         | 065-006 |
| KENANGA INVESTMENT BANK<br>BERHAD | 71 (A&B) & 73 (A&B)<br>Jalan Merdeka<br>Taman Melaka Raya<br>75000 Melaka<br>Tel No : 06-2881720  | 073-028 |
| KENANGA INVESTMENT BANK<br>BERHAD | 22A & 22A -1 and 26 & 26 – 1<br>Jalan MP 10<br>Taman Merdeka Permai<br>75350 Batu Berendam<br>Melaka<br>Tel No : 06-3372550                   | 073-034 |
| MALACCA SECURITIES SDN BHD        | No. 1, 3 & 5, Jalan PPM9<br>Plaza Pandan Malim (Business Park)<br>Balai Panjang<br>75250 Melaka<br>Tel No : 06-3371533                        | 012-001 |
| MERCURY SECURITIES SDN BHD        | No. 81, 81A & 81B,<br>Jalan Merdeka<br>Taman Melaka Raya<br>75000 Melaka<br>Tel No : 06-2921898   | 093-003 |

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                                     |   |         |
|-------------------------------------|---|---------|
| PM SECURITIES SDN BHD               | No. 6-1, Jalan Lagenda 2<br>Taman 1 Lagenda<br>75400 Melaka<br>Tel No : 06-2880050                  | 064-006 |
| RHB INVESTMENT BANK BERHAD          | No 19, 21 & 23, Jalan Merdeka<br>Taman Melaka Raya<br>75000 Melaka<br>Tel No : 06-2833622 / 2818823 | 087-002 |
| RHB INVESTMENT BANK BERHAD          | 579, 580 & 581<br>Taman Melaka Raya<br>75000 Melaka<br>Tel No : 06-2825211                          | 087-026 |
| TA SECURITIES HOLDINGS BERHAD       | 59, 59A, 59B<br>Jalan Merdeka<br>Taman Melaka Raya<br>75000 Melaka<br>Tel No : 06-2862618           | 058-008 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | 7-2 Jalan PPM8<br>Malim Business Park<br>75250 Melaka<br>Tel No : 06-3352511                        | 078-014 |

**PERAK DARUL RIDZUAN**

|                                    |  |         |
|------------------------------------|--|---------|
| CIMB INVESTMENT BANK BERHAD        | Ground, 1st, 2nd & 3rd Floor<br>No. 8, 8A-C<br>Persiaran Greentown 4C<br>Greentown Business Centre<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2088688 | 065-010 |
| HONG LEONG INVESTMENT BANK BERHAD  | 51-53, Persiaran Greenhill<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2530888   | 066-003 |
| AFFIN HWANG INVESTMENT BANK BERHAD | 21, Jalan Stesen<br>34000 Taiping<br>Perak Darul Ridzuan<br>Tel No : 05-8066688  | 068-003 |
| AFFIN HWANG INVESTMENT BANK BERHAD | 2nd & 3rd Floor<br>No. 22, Persiaran Greentown 1<br>Greentown Business Centre<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2559988                      | 068-015 |
| KENANGA INVESTMENT BANK BERHAD     | Ground, 1st, 2nd & 4th Floor<br>No. 63 Persiaran Greenhill<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2422828   | 073-022 |



**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                                   |  |         |
|-----------------------------------|--|---------|
| KENANGA INVESTMENT BANK<br>BERHAD | No. 7B-1, Jalan Laman Intan<br>Bandar Baru Teluk Intan<br>36000 Teluk Intan<br>Perak Darul Ridzuan<br>Tel No : 05-6222828                            | 073-026 |
| KENANGA INVESTMENT BANK<br>BERHAD | Ground Floor<br>No. 25 & 25A<br>Jalan Jaya 2, Medan Jaya<br>32000 Sitiawan<br>Perak Darul Ridzuan<br>Tel No : 05-6939828                             | 073-031 |
| M & A SECURITIES SDN BHD          | M&A Building<br>52A, Jalan Sultan Idris Shah<br>30000 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2419800   | 057-001 |
| MALACCA SECURITIES SDN BHD        | No 3, 1st Floor,<br>Persiaran Greenhill<br>30450, Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2541533   | 012-013 |
| MAYBANK INVESTMENT BANK<br>BERHAD | B-G-04 (Ground Floor), Level 1&2<br>42 Persiaran Greentown 1<br>Pusat Dagangan Greentown<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2453400 | 098-002 |
| RHB INVESTMENT BANK BERHAD        | Ground & 1st Floor<br>No. 17, Jalan Intan 2<br>Bandar Baru<br>36000 Teluk Intan<br>Perak Darul Ridzuan<br>Tel No : 05-6236498                        | 087-014 |
| RHB INVESTMENT BANK BERHAD        | Ground, 1st Floor<br>No. 23 & 25<br>Jalan Lumut<br>32000 Sitiawan<br>Perak Darul Ridzuan<br>Tel No : 05-6921228                                      | 087-016 |
| RHB INVESTMENT BANK BERHAD        | 21-25, Jalan Seenivasagam<br>Greentown<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2415100   | 087-023 |
| RHB INVESTMENT BANK BERHAD        | Ground Floor, No. 40, 42 & 44<br>Jalan Berek<br>34000 Taiping<br>Perak Darul Ridzuan<br>Tel No : 05-8088229  | 087-034 |

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                                     |  |         |
|-------------------------------------|--|---------|
| RHB INVESTMENT BANK BERHAD          | 72, Ground Floor<br>Jalan Idris<br>31900 Kampar<br>Perak Darul Ridzuan<br>Tel No : 05-4651261  | 087-044 |
| RHB INVESTMENT BANK BERHAD          | No 1 & 3, 1 <sup>st</sup> Floor<br>Jalan Wawasan Satu<br>Taman Wawasan Jaya<br>34200 Parit Buntar<br>Perak Darul Ridzuan<br>Tel No : 05-7170888        | 087-052 |
| TA SECURITIES HOLDINGS BERHAD       | Ground, 1st & 2nd Floor<br>Plaza Teh Teng Seng<br>No. 227, Jalan Raja Permaisuri<br>Bainun<br>30250 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2531313 | 058-001 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | 27-1, Jalan Intan 2<br>Bandar Baru<br>36000 Teluk Intan<br>Perak Darul Ridzuan<br>Tel No : 05-6216010  | 078-009 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | 153A Jalan Raja Musa Aziz<br>30303 Ipoh<br>Perak Darul Ridzuan<br>Tel No : 05-2411290  | 078-013 |
| <b><u>PULAU PINANG</u></b>          |  |         |
| ALLIANCE INVESTMENT BANK BERHAD     | Ground & Mezzanine Floor<br>Bangunan Barkath<br>21, Lebuhr Pantai<br>10300 Pulau Pinang<br>Tel No: 04-2611688  | 076-015 |
| AMINVESTMENT BANK BERHAD            | 3rd Floor, Menara Liang Court<br>37, Jalan Sultan Ahmad Shah<br>10050 Pulau Pinang<br>Tel No : 04-2261818  | 086-004 |
| CIMB INVESTMENT BANK BERHAD         | Ground Floor, Suite 1.01<br>Menara Boustead Penang<br>39, Jalan Sultan Ahmad Shah<br>10050 Pulau Pinang<br>Tel No : 04-2385900                         | 065-001 |
| AFFIN HWANG INVESTMENT BANK BERHAD  | Level 2, 3, 4, 5, 7 & 8<br>Wisma Sri Pinang<br>60, Green Hall<br>10200 Pulau Pinang<br>Tel No : 04-2636996   | 068-001 |

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                                       |  |         |
|---------------------------------------|--|---------|
| AFFIN HWANG INVESTMENT BANK<br>BERHAD | No. 2 & 4<br>Jalan Perda Barat<br>Bandar Perda<br>14000 Bukit Mertajam<br>Pulau Pinang<br>Tel No : 04-5372882                          | 068-006 |
| INTER-PACIFIC SECURITIES SDN BHD      | Canton Square<br>Level 2 (Unit 1) & Level 3<br>No 56, Cantontment Road<br>10250, Penang<br>Tel No : 04-2268288                         | 054-002 |
| JUPITER SECURITIES SDN BHD            | 20-1, Persiaran Bayan Indah<br>Bayan Bay, Sungai Nibong<br>11900 Bayan Lepas<br>Pulau Pinang<br>Tel No : 04-6412881                    | 055-003 |
| JF APEX SECURITIES BERHAD             | 368-2-5 Jalan Burmah<br>Belissa Row<br>10350 Pulau Tikus<br>Pulau Pinang<br>Tel No : 04-2289118  | 079-005 |
| KENANGA INVESTMENT BANK<br>BERHAD     | 7th, 8th & 16th Floor<br>Menara Boustead Penang<br>39, Jalan Sultan Ahmad Shah<br>10050 Pulau Pinang<br>Tel No : 04-2283355            | 073-023 |
| M & A SECURITIES SDN BHD              | 332H-1 & 332G-2<br>Harmony Square<br>Jalan Perak<br>11600 Georgetown<br>Pulau Pinang<br>Tel No : 04-2817611                            | 057-005 |
| M & A SECURITIES SDN BHD              | 216, 216A, 218 & 218A<br>Pengkalan Weld<br>Lebuh Macallum<br>10300 Penang<br>Tel No : 04-2617611                                       | 057-008 |
| MALACCA SECURITIES SDN BHD            | No 39-1, Jalan Lenggong<br>Vantage Point<br>11600 Jelutong<br>Pulau Pinang<br>Tel No : 04-8981525                                      | 012-004 |
| MALACCA SECURITIES SDN BHD            | 48 Jalan Todak 2<br>13700 Seberang Jaya<br>Pulau Pinang<br>Tel No : 04-3905669   | 012-006 |
| MALACCA SECURITIES SDN BHD            | No 17, 1 <sup>st</sup> Floor<br>Persiaran Bayan Indah<br>Taman Bayan Indah<br>11900 Bayan Lepas<br>Pulau Pinang<br>Tel No : 04-6421533 | 012-007 |

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                                   |  |         |
|-----------------------------------|--|---------|
| MAYBANK INVESTMENT BANK<br>BERHAD | Lot 1.02, 1 <sup>st</sup> Floor<br>Bangunan KWSP<br>Jalan Sultan Ahmad Shah<br>10050 Georgetown<br>Pulau Pinang<br>Tel No : 04-2196888   | 098-006 |
| MERCURY SECURITIES SDN BHD        | Ground, 1st, 2nd & 3rd Floor<br>Wisma UMNO<br>Lorong Bagan Luar Dua<br>12000 Butterworth, Seberang Perai<br>Pulau Pinang<br>Tel No : 04-3322123                                      | 093-001 |
| MERCURY SECURITIES SDN BHD        | 2nd Floor<br>Standard Chartered Bank Chambers<br>2 Lebuh Pantai<br>10300 Pulau Pinang<br>Tel No : 04-2639118   | 093-004 |
| MERCURY SECURITIES SDN BHD        | D'Piazza Mall<br>70-1-22 Jalan Mahsuri<br>11900 Bandar Bayan Baru<br>Pulau Pinang<br>Tel No : 04-6400822   | 093-006 |
| PM SECURITIES SDN BHD             | Level 3, Wisma Wang<br>251-A, Jalan Burmah<br>10350 Pulau Pinang<br>Tel No : 04-2273000  | 064-004 |
| RHB INVESTMENT BANK BERHAD        | Ground, 1st & 2nd Floor<br>No. 2677, Jalan Chain Ferry<br>Taman Inderawasih<br>13600 Seberang Prai<br>Pulau Pinang<br>Tel No : 04-3900022  | 087-005 |
| RHB INVESTMENT BANK BERHAD        | Ground, 1st & 2nd Floor<br>No. 11A, Jalan Keranji<br>Off Jalan Padang Lallang<br>14000 Bukit Mertajam<br>Pulau Pinang<br>Tel No : 04-5402888   | 087-015 |
| RHB INVESTMENT BANK BERHAD        | 834, Ground & 1 <sup>st</sup> Floor<br>835, 1 <sup>st</sup> Floor<br>Jalan Besar, Sungai Bakap<br>14200 Sungai Jawi<br>Seberang Perai Selatan<br>Pulau Pinang<br>Tel No : 04-5831888 | 087-032 |
| RHB INVESTMENT BANK BERHAD        | 64 & 64-D<br>Ground Floor-3rd Floor & 5th-8th<br>Floor<br>Lebuh Bishop<br>10200 Pulau Pinang<br>Tel No : 04-2634222  | 087-033 |

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                                     |   |         |
|-------------------------------------|---|---------|
| RHB INVESTMENT BANK BERHAD          | Ground & 1st Floor<br>No. 15-G-5, 15-G-6, 15-1-5, 15-1-6,<br>15-2-5, 15-2-6 & 15-2-24<br>Medan Kampung Relau (Bayan Point)<br>11950 Pulau Pinang<br>Tel No : 04-6404888 | 087-042 |
| SJ SECURITIES SDN BHD               | 12th Floor, Office Tower<br>Hotel Royal Penang<br>No 3 Jalan Larut<br>10050 Georgetown<br>Pulau Pinang<br>Tel No : 04-2289836   | 096-003 |
| TA SECURITIES HOLDINGS BERHAD       | 3 <sup>rd</sup> Floor, Bangunan Heng Guan<br>No 171, Jalan Burmah<br>10050 Pulau Pinang<br>Tel No : 04-2272339  | 058-010 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | 1st Floor, Bangunan Heng Guan<br>171 Jalan Burmah<br>10050 Pulau Pinang<br>Tel No : 04-2299318  | 078-002 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | Ground & 1st Floor<br>No. 2, Jalan Perniagaan 2<br>Pusat Perniagaan Alma<br>14000 Bukit Mertajam<br>Pulau Pinang<br>Tel No : 04-5541388                                 | 078-003 |

**PERLIS INDERA KAYANGAN**

|                            |   |         |
|----------------------------|---|---------|
| RHB INVESTMENT BANK BERHAD | Ground & 1st Floor<br>No. 39, Taman Suriani<br>Persiaran Jubli Emas<br>01000 Kangar<br>Perlis Indra Kayangan<br>Tel No : 04-9793888 | 087-060 |
|----------------------------|---|---------|

**KEDAH DARUL AMAN**

|                                    |  |         |
|------------------------------------|--|---------|
| ALLIANCE INVESTMENT BANK BERHAD    | Lot T-30, 2nd Floor, Wisma PKNK<br>Jalan Sultan Badlishah<br>05000 Alor Setar<br>Kedah Darul Aman<br>Tel No : 04-7317088 | 076-004 |
| AFFIN HWANG INVESTMENT BANK BERHAD | 70 A, B, C, Jalan Mawar 1<br>Taman Pekan Baru<br>08000 Sungai Petani<br>Kedah Darul Aman<br>Tel No : 04-4256666          | 068-011 |
| RHB INVESTMENT BANK BERHAD         | No. 112, Jalan Pengkalan<br>Taman Pekan Baru<br>08000 Sungai Petani<br>Kedah Darul Aman<br>Tel No : 04-4204888           | 087-017 |

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|  |   |         |
|--|---|---------|
| RHB INVESTMENT BANK BERHAD                 | 35, Ground Floor<br>Jalan Suria 1, Jalan Bayu<br>09000 Kulim<br>Kedah Darul Aman<br>Tel No : 04-4964888   | 087-019 |
| RHB INVESTMENT BANK BERHAD                 | Ground & 1st Floor<br>214-A, 214-B, 215-A & 215-B<br>Medan Putra, Jalan Putra<br>05150 Alor Setar<br>Kedah Darul Aman<br>Tel No : 04-7209888                                    | 087-021 |
| UOB KAY HIAN SECURITIES (M) SDN BHD        | Lot 4, 5 & 5A, 1st Floor EMUM 55<br>No. 55, Jalan Gangsa<br>Kawasan Perusahaan Mergong 2<br>Seberang Jalan Putra<br>05150 Alor Setar<br>Kedah Darul Aman<br>Tel No : 04-7322111 | 078-007 |
| <b><u>NEGERI SEMBILAN DARUL KHUSUS</u></b> |   |         |
| AFFIN HWANG INVESTMENT BANK BERHAD         | 1st Floor, 105, 107 & 109<br>Jalan Yam Tuan<br>70000 Seremban<br>Negeri Sembilan Darul Khusus<br>Tel No : 06-7612288  | 068-007 |
| AFFIN HWANG INVESTMENT BANK BERHAD         | 6, Upper Level, Jalan Mahligai<br>72100 Bahau<br>Negeri Sembilan Darul Khusus<br>Tel No : 06-4553188  | 068-013 |
| KENANGA INVESTMENT BANK BERHAD             | 1C & 1D, Ground & 1st Floor<br>Jalan Tunku Munawir<br>70000 Seremban<br>Negeri Sembilan<br>Tel No : 06-7655998  | 073-033 |
| MAYBANK INVESTMENT BANK BERHAD             | Wisma HM<br>No. 43, Jalan Dr Krishnan<br>70000 Seremban<br>Negeri Sembilan<br>Tel No : 06-7669555   | 098-005 |
| PM SECURITIES SDN BHD                      | 1st-3rd Floor<br>19-21, Jalan Kong Sang<br>70000 Seremban<br>Negeri Sembilan Darul Khusus<br>Tel No : 06-7623131  | 064-002 |
| RHB INVESTMENT BANK BERHAD                 | Ground, 1st & 2nd Floor<br>No. 32 & 33, Jalan Dato' Bandar<br>Tunggal<br>70000 Seremban<br>Negeri Sembilan Darul Khusus<br>Tel No : 06-7641641                                  | 087-024 |

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                            |  |         |
|----------------------------|--|---------|
| RHB INVESTMENT BANK BERHAD | Ground & Mezzanine Floor<br>No. 346 & 347, Batu ½, Jalan Pantai<br>71000 Port Dickson<br>Negeri Sembilan Darul Khusus<br>Tel No : 06-6461234 | 087-046 |
|----------------------------|--|---------|

**JOHOR DARUL TAKZIM**

|                                    |   |         |
|------------------------------------|---|---------|
| ALLIANCE INVESTMENT BANK<br>BERHAD | No. 73, Ground & 1st Floor<br>Jalan Rambutan<br>86000 Kluang<br>Johor Darul Takzim<br>Tel No : 07-7717922 | 076-006 |
|------------------------------------|---|---------|

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|--------------------------|--|---------|
| AMINVESTMENT BANK BERHAD | 3rd Floor, Penggaram Complex<br>1, Jalan Abdul Rahman<br>83000 Batu Pahat<br>Johor Darul Takzim<br>Tel No : 07-4342282 | 086-002 |
|--------------------------|--|---------|

|                          |  |         |
|--------------------------|--|---------|
| AMINVESTMENT BANK BERHAD | 18th Floor, Selesa Tower<br>Jalan Dato' Abdullah Tahir<br>80300 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3343855 | 086-006 |
|--------------------------|--|---------|

|                             |  |         |
|-----------------------------|--|---------|
| CIMB INVESTMENT BANK BERHAD | No 73, Ground Floor<br>No 73A & 79A, First Floor<br>Jalan Kuning Dua<br>80400 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3405888 | 065-011 |
|-----------------------------|--|---------|

|                                       |  |         |
|---------------------------------------|--|---------|
| AFFIN HWANG INVESTMENT BANK<br>BERHAD | Level 7, Johor Bahru City Square<br>(Office Tower)<br>106-108 Jalan Wong Ah Fook<br>80000 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-2222692 | 068-004 |
|---------------------------------------|--|---------|

|                                  |   |         |
|----------------------------------|---|---------|
| INTER-PACIFIC SECURITIES SDN BHD | 95, Jalan Tun Abdul Razak<br>80000 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-2231211 | 054-004 |
|----------------------------------|---|---------|

|                            |   |         |
|----------------------------|---|---------|
| JUPITER SECURITIES SDN BHD | 30-1, Jalan Molek 1/10<br>Taman Molek<br>81100 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3538878 | 055-002 |
|----------------------------|---|---------|

|                                   |  |         |
|-----------------------------------|--|---------|
| KENANGA INVESTMENT BANK<br>BERHAD | Level 2, Menara Pelangi<br>Jalan Kuning, Taman Pelangi<br>80400 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3333600 | 073-004 |
|-----------------------------------|--|---------|

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                                   |   |         |
|-----------------------------------|---|---------|
| KENANGA INVESTMENT BANK<br>BERHAD | Ground & Mezzanine Floor<br>34 Jalan Genuang<br>85000 Segamat<br>Johor Darul Takzim<br>Tel No : 07-9333515  | 073-009 |
| KENANGA INVESTMENT BANK<br>BERHAD | 33 & 35 (A&B), Ground Floor<br>Jalan Syed Abdul Hamid Sagaff<br>86000 Kluang<br>Johor Darul Takzim<br>Tel No : 07-7771161                                   | 073-010 |
| KENANGA INVESTMENT BANK<br>BERHAD | Ground Floor<br>No. 4, Jalan Dataran 1<br>Taman Bandar Tangkak<br>84900 Tangkak<br>Johor Darul Takzim<br>Tel No : 06-9782292                                | 073-011 |
| KENANGA INVESTMENT BANK<br>BERHAD | 24, 24A & 24B<br>Jalan Penjaja 3<br>Kim Park Centre<br>83000 Batu Pahat<br>Johor Darul Takzim<br>Tel No : 07-4326963  | 073-017 |
| KENANGA INVESTMENT BANK<br>BERHAD | Suite 16-02, 16-03 & 16-03A<br>Level 16 Menara MSC Cyberport<br>No. 5 Jalan Bukit Meldrum<br>80300 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-2237423 | 073-019 |
| KENANGA INVESTMENT BANK<br>BERHAD | 57, 59 & 61, Jalan Ali<br>84000 Muar<br>Johor Darul Takzim<br>Tel No : 06-9531222   | 073-024 |
| KENANGA INVESTMENT BANK<br>BERHAD | Ground Floor<br>No. 234, Jalan Besar<br>Taman Semberong Baru<br>83700 Yong Peng<br>Johor Darul Takzim<br>Tel No : 07-4678885                                | 073-025 |
| M & A SECURITIES SDN BHD          | Suite 5.3A, Level 5, Menara Pelangi<br>Jalan Kuning, Taman Pelangi<br>80400 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3381233                        | 057-003 |
| M & A SECURITIES SDN BHD          | No 27, 27A & 27B<br>Jalan Molek 3/10<br>Taman Molek<br>81100 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3551988                                       | 057-007 |



**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                            |   |         |
|----------------------------|---|---------|
| MALACCA SECURITIES SDN BHD | 74 Jalan Serampang<br>Taman Pelangi<br>80400 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3351533   | 012-005 |
| MALACCA SECURITIES SDN BHD | 1735-B<br>Jalan Sri Putri 4<br>Taman Putri Kulai<br>81000, Kulaijaya<br>Johor Darul Takzim<br>Tel No : 07-6638877   | 012-010 |
| MERCURY SECURITIES SDN BHD | Suite 17.1, Level 17, Menara Pelangi<br>Jalan Kuning, Taman Pelangi<br>80400 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3316992                     | 093-005 |
| PM SECURITIES SDN BHD      | Ground & 1st Floor<br>No. 43 & 43A, Jalan Penjaja 3<br>Taman Kim's Park, Business Centre<br>83000 Batu Pahat<br>Johor Darul Takzim<br>Tel No : 07-4333608 | 064-008 |
| RHB INVESTMENT BANK BERHAD | 6th Floor, Wisma Tiong-Hua<br>8, Jalan Keris, Taman Sri Tebrau<br>80050 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-2788821                          | 087-006 |
| RHB INVESTMENT BANK BERHAD | 53, 53-A & 53-B, Jalan Sultanah<br>83000 Batu Pahat<br>Johor Darul Takzim<br>Tel No : 07-4380288  | 087-009 |
| RHB INVESTMENT BANK BERHAD | No. 33-1, 1st & 2nd Floor<br>Jalan Ali<br>84000 Muar<br>Johor Darul Takzim<br>Tel No : 06-9538262   | 087-025 |
| RHB INVESTMENT BANK BERHAD | Ground & 1st Floor<br>No. 119 & 121<br>Jalan Sutera Tanjung 8/2<br>Taman Sutera Utama<br>81300 Skudai<br>Johor Darul Takzim<br>Tel No : 07-5577628        | 087-029 |
| RHB INVESTMENT BANK BERHAD | Ground, 1st & 2nd Floor<br>No. 3, Jalan Susur Utama 2/1<br>Taman Utama<br>85000 Segamat<br>Johor Darul Takzim<br>Tel No : 07-9321543                      | 087-030 |

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                                     |  |         |
|-------------------------------------|--|---------|
| RHB INVESTMENT BANK BERHAD          | Ground & 1st Floor<br>No. 40 Jalan Haji Manan<br>86000 Kluang<br>Johor Darul Takzim<br>Tel No : 07-7769655                                   | 087-031 |
| RHB INVESTMENT BANK BERHAD          | Ground, 1st & 2nd Floor<br>No. 10, Jalan Anggerik 1<br>Taman Kulai Utama<br>81000 Kulai<br>Johor Darul Takzim<br>Tel No : 07-6626288         | 087-035 |
| RHB INVESTMENT BANK BERHAD          | Ground, 1st & 2nd Floor<br>No. 343, Jalan Muar<br>84900 Tangkak<br>Johor Darul Takzim<br>Tel No : 06-9787180                                 | 087-038 |
| RHB INVESTMENT BANK BERHAD          | No. 2, 1st Floor, Jalan Makmur<br>Taman Sri Aman<br>85300 Labis<br>Johor Darul Takzim<br>Tel No : 07-9256881                                 | 087-039 |
| RHB INVESTMENT BANK BERHAD          | Ground, 1st & 2nd Floor<br>Nos. 21 & 23<br>Jalan Molek 1/30<br>Taman Molek<br>81100 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3522293 | 087-043 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | Level 6 & 7, Menara MSC Cyberport<br>No. 5, Jalan Bukit Meldrum<br>80300 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3332000            | 078-001 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | 42-8, Main Road<br>Kulai Besar<br>81000 Kulai<br>Johor Darul Takzim<br>Tel No : 07-6637398   | 078-005 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | 70 Jalan Rosmerah 2/17<br>Taman Johor Jaya<br>81100 Johor Bahru<br>Johor Darul Takzim<br>Tel No : 07-3513218                                 | 078-006 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | 171 Ground Floor<br>Jalan Bestari 1/5<br>Taman Nusa Bestari<br>81300 Skudai<br>Johor Darul Takzim<br>Tel No : 07-5121633                     | 078-008 |

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

|                                    |  |         |
|------------------------------------|--|---------|
| TA SECURITIES HOLDINGS BERHAD      | 7A, Jalan Genuang Perdana<br>Taman Genuang Perdana<br>85000 Segamat<br>Johor Darul Takzim<br>Tel No : 07-9435278                           | 058-009 |
| <b><u>PAHANG DARUL MAKMUR</u></b>  |  |         |
| ALLIANCE INVESTMENT BANK<br>BERHAD | Ground, Mezzanine & 1st Floor<br>B400, Jalan Beserah<br>25300 Kuantan<br>Pahang Darul Makmur<br>Tel No : 09-5660800                        | 076-002 |
| CIMB INVESTMENT BANK BERHAD        | Ground, 1st & 2nd Floor<br>No. A-27<br>Jalan Dato' Lim Hoe Lek<br>25200 Kuantan<br>Pahang Darul Makmur<br>Tel No : 09-5057800              | 065-007 |
| JUPITER SECURITIES SDN BHD         | 2 <sup>nd</sup> Floor, Lot No 25<br>Jalan Chui Yin<br>28700 Bentong<br>Pahang Darul Makmur<br>Tel No : 09-2234136                          | 055-005 |
| MALACCA SECURITIES SDN BHD         | P11-3, Jalan Chui Yin<br>28700 Bentong<br>Pahang Darul Makmur<br>Tel No : 09-2220993   | 012-008 |
| KENANGA INVESTMENT BANK<br>BERHAD  | A15, A17 & A19, Ground Floor<br>Lorong Tun Ismail 2<br>Sri Dagangan 2<br>25000 Kuantan<br>Pahang Darul Makmur<br>Tel No : 09-5171698       | 073-027 |
| RHB INVESTMENT BANK BERHAD         | B32 & B34, Lorong Tun Ismail 8<br>Seri Dagangan II<br>25000 Kuantan<br>Pahang Darul Makmur<br>Tel No : 09-5173811                          | 087-007 |
| RHB INVESTMENT BANK BERHAD         | Ground & 1st Floor, 98 Jalan Pasdec<br>28700 Bentong<br>Pahang Darul Makmur<br>Tel No : 09-2234943   | 087-022 |
| RHB INVESTMENT BANK BERHAD         | Ground & 1st Floor<br>No. 76-A, Persiaran Camelia 4<br>Tanah Rata<br>39000 Cameron Highlands<br>Pahang Darul Makmur<br>Tel No : 05-4914913 | 087-041 |

## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

**KELANTAN DARUL NAIM**

|                                     |  |         |
|-------------------------------------|--|---------|
| RHB INVESTMENT BANK BERHAD          | Ground & 1st Floor<br>No. 3953-H, Jalan Kebun Sultan<br>15350 Kota Bharu<br>Kelantan Darul Naim<br>Tel No : 09-7430077                       | 087-020 |
| TA SECURITIES HOLDINGS BERHAD       | 298, Jalan Tok Hakim<br>15000 Kota Bharu<br>Kelantan Darul Naim<br>Tel No : 09-7432288   | 058-004 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | Ground & 1 <sup>st</sup> Floor<br>Lot 712, Sek 9, PT 62<br>Jalan Tok Hakim<br>15000 Kota Bharu<br>Kelantan Darul Naim<br>Tel No : 09-7473906 | 078-015 |

**TERENGGANU DARUL IMAN**

|                                    |   |         |
|------------------------------------|---|---------|
| ALLIANCE INVESTMENT BANK BERHAD    | Ground & Mezzanine Floor<br>Wisma Kam Choon<br>101, Jalan Kampung Tiong<br>20100 Kuala Terengganu<br>Terengganu Darul Iman<br>Tel No : 09-6317922 | 076-009 |
| FA SECURITIES SDN BHD              | No. 51 & 51A<br>Ground, Mezzanine & 1st Floor<br>Jalan Tok Lam<br>20100 Kuala Terengganu<br>Terengganu Darul Iman<br>Tel No : 09-6238128          | 021-001 |
| RHB INVESTMENT BANK BERHAD         | Ground & 1st Floor<br>9651, Cukai Utama<br>Jalan Kubang Kurus<br>24000 Kemaman<br>Terengganu Darul Iman<br>Tel No : 09-8583109                    | 087-027 |
| RHB INVESTMENT BANK BERHAD         | 1 <sup>st</sup> Floor<br>59 Jalan Sultan Ismail<br>20200 Kuala Terengganu<br>Terengganu Darul Iman<br>Tel No : 09-6261816                         | 087-055 |
| UOB AY HIAN SECURITIES (M) SDN BHD | 37-B, 1st Floor<br>Jalan Sultan Ismail<br>20200 Kuala Terengganu<br>Terengganu<br>Tel No : 09-6224766   | 078-016 |

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**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****SARAWAK**

|                                       |   |         |
|---------------------------------------|---|---------|
| AMINVESTMENT BANK BERHAD              | No. 164, 166 & 168<br>1st Floor, Jalan Abell<br>93100 Kuching<br>Sarawak<br>Tel No : 082-244791   | 086-001 |
| CIMB INVESTMENT BANK BERHAD           | Level 1, Wisma STA<br>26 Jalan Datuk Abang Abdul Rahim<br>93450 Kuching<br>Sarawak<br>Tel No : 082-358606                                   | 065-001 |
| CIMB INVESTMENT BANK BERHAD           | No. 6A, Ground Floor<br>Jalan Bako, Off Brooke Drive<br>96000 Sibu<br>Sarawak<br>Tel No : 084-367700  | 065-001 |
| AFFIN HWANG INVESTMENT BANK<br>BERHAD | Ground Floor & 1st Floor<br>No. 1, Jalan Pending<br>93450 Kuching<br>Sarawak<br>Tel No : 082-341999   | 068-005 |
| AFFIN HWANG INVESTMENT BANK<br>BERHAD | 282, 1st Floor<br>Park City Commercial Centre<br>Phase 4, Jalan Tun Ahmad Zaidi<br>97000 Bintulu<br>Sarawak<br>Tel No : 086-330008          | 068-016 |
| KENANGA INVESTMENT BANK<br>BERHAD     | Lot 2465, Jalan Boulevard Utama<br>Boulevard Commercial Centre<br>98000 Miri<br>Sarawak<br>Tel No : 085-435577                              | 073-002 |
| KENANGA INVESTMENT BANK<br>BERHAD     | Level 2-4, Wisma Mahmud<br>Jalan Sungai Sarawak<br>93400 Kuching<br>Sarawak<br>Tel No : 082-338000  | 073-003 |
| KENANGA INVESTMENT BANK<br>BERHAD     | Ground Floor of Survey Lot No 4203<br>Parkcity Commerce Square<br>Phase 6, Jalan Diwarta<br>97000 Bintulu<br>Sarawak<br>Tel No : 086-337588 | 073-018 |
| MERCURY SECURITIES SDN BHD            | 1st Floor<br>16, Jalan Getah<br>96100 Sarikei<br>Sarawak<br>Tel No : 084-659019   | 093-007 |

## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

|  |   |         |
|--|---|---------|
| KENANGA INVESTMENT BANK<br>BERHAD      | 11-12, Ground & 1st Floor<br>Lorong Kampung Datu 3<br>96000 Sibu<br>Sarawak<br>Tel No : 084-313855  | 073-012 |
| KENANGA INVESTMENT BANK<br>BERHAD      | Suites 9 & 10, 3 <sup>rd</sup> Floor<br>Yung Kong Abell<br>Lot 365 Abell Road<br>93100 Kuching, Sarawak<br>Tel No : 082-248877                  | 073-036 |
| RHB INVESTMENT BANK BERHAD             | Yung Kong Abell<br>Units No. 1-10, 2 <sup>nd</sup> Floor<br>Lot 365, Section 50<br>Jalan Abell<br>93100 Kuching<br>Sarawak<br>Tel : 082- 250888 | 087-008 |
| RHB INVESTMENT BANK BERHAD             | 2 <sup>nd</sup> Floor, Lot 1268 & Lot 1269<br>Centre Point Commercial Centre<br>Jalan Melayu<br>98000 Miri<br>Sarawak<br>Tel No : 085-422788    | 087-012 |
| RHB INVESTMENT BANK BERHAD             | No. 102, Pusat Pedada<br>Jalan Pedada<br>96000 Sibu<br>Sarawak<br>Tel No : 084-329100   | 087-013 |
| TA SECURITIES HOLDINGS BERHAD          | 12G, H & I<br>Jalan Kampong Datu<br>96000 Sibu<br>Sarawak<br>Tel No : 084-319998  | 058-002 |
| RHB INVESTMENT BANK BERHAD             | Ground & 1st Floor<br>No. 221, Park City Commerce Square<br>Phase III, Jalan Tun Ahmad Zaidi<br>97000 Bintulu<br>Sarawak<br>Tel No : 086-311770 | 087-053 |
| UOB KAY HIAN SECURITIES (M) SDN<br>BHD | Lot 1265, 1st Floor<br>Centre Point Commercial Centre<br>Jalan Melayu<br>98000, Miri<br>Sarawak<br>Tel No : 085-324128                          | 078-017 |

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## 16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

**SABAH**

|                                     |  |         |
|-------------------------------------|--|---------|
| RHB INVESTMENT BANK BERHAD          | Lot 14-0, Ground Floor<br>Lorong Lintas Plaza 2<br>Lintas Plaza, Off Jalan Lintas<br>88300 Kota Kinabalu<br>Sabah<br>Tel No : 088-258618     | 087-036 |
| RHB INVESTMENT BANK BERHAD          | Ground Floor, Block 2<br>Lot 4 & Lot 5, Bandar Indah, Mile 4<br>North Road<br>91000 Sandakan<br>Sabah<br>Tel No : 089-229286                 | 087-057 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | 11, Equity House, Block K<br>Sadong Jaya, Karamunsing<br>88100 Kota Kinabalu<br>Sabah<br>Tel No : 088-234090                                 | 078-011 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | Lot 177 & 178, Ground Floor<br>Block 17, Phase 2, Prima Square<br>Mile 4, North Road<br>90000 Sandakan<br>Sabah<br>Tel No : 089-218681       | 078-012 |
| CIMB INVESTMENT BANK BERHAD         | 1 <sup>st</sup> & 2 <sup>nd</sup> Floor<br>Central Building<br>No.28, Jalan Sagunting<br>88000 Kota Kinabalu<br>Sabah<br>Tel No : 088-328878 | 065-001 |
| AFFIN HWANG INVESTMENT BANK BERHAD  | Suite 1-9-E1, CPS Tower<br>Centre Point Sabah<br>No. 1, Jalan Centre Point<br>88000 Kota Kinabalu, Sabah<br>Tel No : 088-311688              | 068-008 |
| KENANGA INVESTMENT BANK BERHAD      | Level 8, Wisma Great Eastern<br>68, Jalan Gaya<br>88000 Kota Kinabalu<br>Sabah<br>Tel No : 088-236188  | 073-032 |
| RHB INVESTMENT BANK BERHAD          | 2 <sup>nd</sup> Floor<br>81 & 83, Jalan Gaya<br>88000 Kota Kinabalu<br>Sabah<br>Tel No : 088-269788  | 087-010 |

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