

Unless otherwise stated, all abbreviations and defined names or expressions contained in this Abridged Prospectus are defined in the Definitions section of this Abridged Prospectus.

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

If you have sold/transferred all your ordinary shares in CME, you should at once hand this Abridged Prospectus together with the NPA and the RSF to the agent through whom you effected the sale/transfer for onward transmission to the purchaser/transferee. All enquiries concerning the Rights Issue of ICULS, which is the subject of this Abridged Prospectus should be addressed to our ICULS Registrar, namely Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

These Documents are only despatched to our Entitled Shareholders (other than an authorised nominee who has subscribed for the NRS), who have a registered address in Malaysia in the records of Bursa Depository or who have provided our ICULS Registrar with a registered address in Malaysia in writing not later than 5.00 p.m. on 30 October 2014. The Documents are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue of ICULS will not be made or offered or deemed to be made or offered for purchase or subscription, in any countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. The Rights Issue of ICULS to which this Abridged Prospectus relates is only available to persons receiving the Documents electronically or otherwise within Malaysia. No action has been or will be taken to ensure that the Rights Issue of ICULS and the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of our Entitled Shareholders and/or their renouneece(s)/transferee(s) (if applicable) who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia to consult their legal or other professional advisers as to whether the acceptance or renunciation of all or any part of the Rights ICULS to be issued under the Rights Issue of ICULS would result in the contravention of any laws of such countries or jurisdictions. Such shareholders should note the additional terms and restrictions as set out in Section 12 of this Abridged Prospectus. Neither CME, PIVB nor any other advisers to the Rights Issue of ICULS shall accept any responsibility or liability in the event that any acceptance or sale/transfer of the provisional allotment of the Rights ICULS made by our Entitled Shareholders and/or their renouneece(s)/transferee(s) (if applicable) shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which our Entitled Shareholders and/or their renouneece(s)/transferee(s) (if applicable) are residents.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue of ICULS or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Our shareholders have approved, amongst others, the Rights Issue of ICULS at the Extraordinary General Meeting held on 14 October 2014. Bursa Securities has also granted its approval for, amongst others, the admission of the ICULS to the Official List of Main Market of Bursa Securities and the listing of and quotation for the ICULS and up to 882,200,000 new CME Shares to be issued arising from the conversion of the ICULS on the Main Market of Bursa Securities on 4 September 2014. However, this is not an indication that Bursa Securities recommends the Rights Issue of ICULS. Admission of the ICULS to the Official List of Main Market of Bursa Securities and the listing of and quotation for the ICULS and the new CME Shares to be issued arising from the conversion of the ICULS on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of ICULS.

The official listing of and quotation for the said securities will commence after, amongst others, receipt of confirmation from Bursa Depository that all the Central Depository System accounts of our Entitled Shareholders and/or their renouneece(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Directors have seen and approved all the documentation relating to the Rights Issue of ICULS. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statements in the Documents false or misleading.

**THERE ARE CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER. PLEASE REFER TO THE "RISK FACTORS" AS SET OUT IN SECTION 8 OF THIS Abridged Prospectus.**

PIVB, being our Adviser for the Rights Issue of ICULS, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue of ICULS.



**CME GROUP BERHAD**

(Company No. 52235-K)

(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO RM35,288,000 NOMINAL VALUE OF TEN (10)-YEAR, ZERO COUPON IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") AT 100% OF THE NOMINAL VALUE OF RM0.04 EACH ("RIGHTS ICULS") ON THE BASIS OF RM0.08 NOMINAL VALUE OF THE ICULS FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.10 EACH IN CME HELD AT 5.00 P.M. ON 30 OCTOBER 2014, BASED ON A MINIMUM SUBSCRIPTION LEVEL OF RM27,000,000 NOMINAL VALUE OF THE RIGHTS ICULS**

*Adviser*



**PUBLIC INVESTMENT BANK BERHAD** (20027-WV)

A Participating Organisation Of Bursa Malaysia Securities Berhad  
(Wholly-owned Subsidiary Of Public Bank Berhad)

*Trustee*



**Pacific Trustees** (317001-A)

Berhad  
The Trust Company

**IMPORTANT RELEVANT DATES AND TIME**

Entitlement date	:	Thursday, 30 October 2014 at 5.00 p.m.
<b>Last date and time for:</b>		
Sale of provisional allotment of rights	:	Thursday, 6 November 2014 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Tuesday, 11 November 2014 at 4.00 p.m.
Acceptance and payment	:	Friday, 14 November 2014 at 5.00 p.m. *
Excess application and payment	:	Friday, 14 November 2014 at 5.00 p.m. *

\* or such later date and time as our Board of Directors may decide and announce not less than two (2) Market Days before the stipulated date and time.

This Abridged Prospectus is dated 30 October 2014

**BURSA SECURITIES HAS APPROVED, AMONGST OTHERS, THE ADMISSION OF THE ICULS TO THE OFFICIAL LIST OF MAIN MARKET OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR THE ICULS AND UP TO 882,200,000 NEW CME SHARES TO BE ISSUED ARISING FROM THE CONVERSION OF THE ICULS ON THE MAIN MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE OF ICULS.**

**THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THESE DOCUMENTS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.**

**THE INCLUSION OF THE VALUATION CERTIFICATE FOR THE ACQUISITION IN THIS ABRIDGED PROSPECTUS SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE LANDS.**

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

**YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").**

**SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.**

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**DEFINITIONS**


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Except where the context otherwise requires, the following words and abbreviations shall apply throughout this Abridged Prospectus and shall have the following meanings:

Acquisition of Land 1	: Acquisition of Land 1 by CMEPA from LPL at Purchase Consideration 1
Acquisition of Land 2	: Acquisition of Land 2 by CMEPA from GHPL at Purchase Consideration 2
Acquisitions	: Acquisition of Land 1 and Acquisition of Land 2, collectively
Act	: Companies Act, 1965
Adviser or PIVB	: Public Investment Bank Berhad ( <i>20027-W</i> )
Announcement	: Announcement dated 9 May 2014 in relation to the Corporate Exercises
Abridged Prospectus	: This abridged prospectus dated 30 October 2014
ATM(s)	: Automated teller machine(s)
AUD	: Australian Dollar
Authorised Nominee	: A person who is authorised to act as a nominee as defined under the Rules of Bursa Depository
BNM	: Bank Negara Malaysia
Board	: Board of Directors of CME
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd ( <i>165570-W</i> )
Bursa Securities	: Bursa Malaysia Securities Berhad ( <i>635998-W</i> )
CDS	: Central Depository System
CME or our Company	: CME Group Berhad ( <i>52235-K</i> )
CME Group or our Group	: CME and its subsidiaries, collectively
CME Share(s) or Share(s)	: Ordinary share(s) of RM0.10 each in CME
CMEPA	: CME Properties (Australia) Pty Ltd ( <i>ACN 168092617</i> ), a company incorporated under laws of Australia and a wholly-owned subsidiary of our Company
CMSA	: Capital Markets and Services Act, 2007
Code	: Malaysian Code on Take-Overs and Mergers 2010
Confirmation Screen	: The screen which appears or is displayed on the internet financial services website, which confirms that the Internet Application has been completed and states the details of your Internet Application, including the number of Rights ICULS applied for, which can be printed out for your record
Contract 1	: Offer and acceptance contract dated 9 May 2014 entered between CMEPA and LPL in respect of the Acquisition of Land 1
Contract 2	: Offer and acceptance contract dated 9 May 2014 entered between CMEPA and GHPL in respect of the Acquisition of Land 2
Contracts	: Contract 1 and Contract 2, collectively

**DEFINITIONS (Cont'd)**

Corporate Exercises	: The Diversification, the Acquisitions, the Rights Issue of ICULS, the Increase in Authorised Share Capital and the M&A Amendments, collectively
Director(s)	: Shall have the same meaning given in Section 2(1) of the CMSA
Diversification	: Diversification of the business of our Group into property investment and property development sectors
Documents	: Abridged Prospectus, NPA and RSF, collectively
EGM	: Extraordinary general meeting
Electronic Application(s)	: Application(s) for the Rights ICULS and/or Excess Rights ICULS through the ATMs of Participating Financial Institutions and the Internet Application(s), collectively
Entitled Shareholder(s)	: Our Shareholder(s) whose name(s) appears in the Record of Depositors on the Entitlement Date and is entitled to participate in the Rights Issue of ICULS
Entitlement Date	: 5.00 p.m. on 30 October 2014, being the date and time on which our shareholders must be registered on the Record of Depositors in order to participate in the Rights Issue of ICULS
EPS	: Earnings per share
Excess Application	: Application for additional Rights ICULS in excess of the Entitled Shareholder's entitlement under the Rights Issue of ICULS as set out in Section 12 of this Abridged Prospectus
Excess Rights ICULS	: Rights ICULS which are not taken up or not validly taken up by our Entitled Shareholders and/or their renounee(s) and/or transferee(s) prior to excess applications
FPE	: Financial period ended
FYE	: Financial year ended/ending
GDC	: Gross development cost
GDV	: Gross development value
GHPL	: Grand Holdings Pty Ltd (ACN 009127726), a company incorporated under laws of Australia
GST	: Australian goods and services tax as defined in A New Tax System (Goods and Services Tax) Act 1999 as amended from time to time or any replacement or other relevant legislation and regulations
Guidelines on PDS	: Guidelines on PDS issued by the SC
ICULS	: Ten (10)-year, zero coupon irredeemable convertible unsecured loan stocks
IMHSB	: Ikram Mulia (Holdings) Sdn Bhd (494583-A)
Increase in Authorised Share Capital	: Increase in the authorised share capital of our Company from RM500,000,000 comprising 5,000,000,000 CME Shares to RM1,000,000,000 comprising 10,000,000,000 CME Shares

**DEFINITIONS (Cont'd)**

Internet Applications	:	Application(s) for the Rights ICULS and/or Excess Rights ICULS through an Internet Participating Financial Institution
Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Application as referred to in Section 12.1 of this Abridged Prospectus
Irrevocable Undertaking	:	<p>The written irrevocable undertaking dated 8 May 2014 provided by IMHSB in the following manner:</p> <p>(i) to subscribe for its Rights ICULS entitlement of RM6,445,891.20 nominal value of the Rights ICULS; and</p> <p>(ii) to subscribe for the requisite number of excess Rights ICULS not subscribed by the other Entitled Shareholders of up to RM20,554,108.80 nominal value of the Rights ICULS;</p> <p>pursuant to the Rights Issue of ICULS to achieve the Minimum Subscription Level</p>
Land 1	:	A parcel of freehold land held under Certificate of Title Volume 1521 Folio 640, located at Lot 11 Henson Street, Local Government Area of City of Mandurah, Western Australia, Australia
Land 2	:	A parcel of freehold land held under Certificate of Title Volume 1695 Folio 297, located at Lot 40 Mandurah Terrace, Local Government Area of City of Mandurah, Western Australia, Australia
Lands	:	Land 1 and Land 2, collectively
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	The latest practicable date prior to the despatch of this Abridged Prospectus, being 17 October 2014
LPL	:	Luteum Pty Ltd (ACN 009097796), a company incorporated under laws of Australia
M&A Amendments	:	Amendments to the Memorandum and Articles of Association of our Company to facilitate the Increase in Authorised Share Capital
Major Shareholder(s)	:	<p>Any person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation or, 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation, as defined in Chapter 1 of the Listing Requirements</p> <p>For the purpose of this definition, “<b>interest in shares</b>” shall have the meaning given in Section 6A of the Act</p>
Market Day(s)	:	Any day between Monday and Friday which is not a public holiday and on which Bursa Securities is open for trading in securities
Market Value	:	The market value of the Lands of AUD10,000,000 or average AUD633.55 per sq. m. for the combined land area of 15,784 sq. m. appraised by Knight Frank Australia

**DEFINITIONS (Cont'd)**

Maturity Date	: The date on which the ICULS are to be compulsorily or automatically be converted into new CME Shares which the date shall fall on the tenth (10 <sup>th</sup> ) anniversary of the date of issue of the ICULS and if such date is not a market day, then on the immediate preceding market day
Maximum Scenario	: The scenario that assumes the Rights ICULS are fully subscribed by our Entitled Shareholders and/or renouncee(s)/transferee(s)
Minimum Scenario	: The scenario that assumes IMHSB subscribes for RM27,000,000 nominal value of the Rights ICULS pursuant to the Irrevocable Undertaking and none of the other Entitled Shareholders subscribe for the Rights ICULS
Minimum Subscription Level	: The scenario that assumes the Rights Issue of ICULS will be undertaken on a minimum subscription level basis via the issuance of RM27,000,000 nominal value of Rights ICULS
NA	: Net assets
NPA	: Notice of Provisional Allotment in relation to the Rights Issue of ICULS
NRS	: Nominee Rights Subscription service offered by Bursa Depository, at the request of our Company, to Authorised Nominees for electronic subscription of Rights Shares with Warrants C through Bursa Depository's existing network facility with the Authorised Nominees
Official List	: A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
PAC(s)	: Person(s) acting in concert with IMHSB in relation to the mandatory take-over offer obligation pursuant to the Code
Participating Financial Institution(s)	: Participating financial institution(s) for the Electronic Applications as referred to in Section 12.1 of this Abridged Prospectus
PAT	: Profit after taxation
PBT	: Profit before taxation
PDS	: Private debt securities
Provisional Rights ICULS	: Rights ICULS provisionally allotted to our Entitled Shareholders pursuant to the Rights Issue of ICULS
Purchase Consideration 1	: Total cash consideration of RM22,401,000 (equivalent to approximately AUD7,467,000), being the purchase consideration for the Acquisition of Land 1
Purchase Consideration 2	: Total cash consideration of RM7,599,000 (equivalent to approximately AUD2,533,000), being the purchase consideration for the Acquisition of Land 2
Record of Depositors	: A record of security holders established and maintained by Bursa Depository under the rules of Bursa Depository
Rights ICULS	: The ICULS to be issued pursuant to the Rights Issue of ICULS
Rights Issue Entitlement File	: An electronic file forwarded by Bursa Depository to an Authorised Nominee who has subscribed for NRS, containing information of such Authorised Nominee's entitlements under the Rights Issue of ICULS as at the Entitlement Date

**DEFINITIONS (Cont'd)**

Rights Issue of ICULS	: Renounceable rights issue of up to RM35,288,000 nominal value of ICULS at 100% of the nominal value of RM0.04 each on the basis of RM0.08 nominal value of the ICULS for every one (1) existing CME Share held on the Entitlement Date, based on the Minimum Subscription Level
Rights ICULS Subscription File	: An electronic file forwarded by an Authorised Nominee who has subscribed for NRS to Bursa Depository, containing information of such Authorised Nominee's subscription of the Rights ICULS or Excess Application
RM and sen	: Ringgit Malaysia and sen, respectively
RSF	: Rights Subscription Form in relation to the Rights Issue of ICULS
SC	: Securities Commission Malaysia
SICDA	: Securities Industry (Central Depositories) Act, 1991
Sq. ft.	: Square feet
Sq. m.	: Square meter
Substantial Shareholder(s)	: Any person who has an interest or interests in one or more voting shares in our Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than 5% of the aggregate of the nominal amounts of all the voting shares in our Company, as defined in Section 69D of the Act
Total Purchase Consideration	: Purchase Consideration 1 and Purchase Consideration 2, collectively
Trust Deed	: The document constituting the ICULS executed between our Company and the Trustee who acts for the benefit of the holders of the ICULS to be issued pursuant to the Rights Issue of ICULS
Trustee or Pacific Trustees	: Pacific Trustees Berhad (317001-A)
Valuation Report	: Valuation report prepared by the Valuer dated 9 May 2014 to assess the market value of the Lands
Valuer or Knight Frank Australia	: Knight Frank Australia Pty Ltd, the independent registered valuer for the Acquisitions
Vendors	: LPL and GHPL, collectively
VWAMP	: Volume weighted average market price
WA	: Western Australia, Australia

*For illustrative purpose, the following exchange rate has been used in this Abridged Prospectus: AUD1.00:RM3.00.*

*All references to "our Company" in this Abridged Prospectus are made to CME. References to "our Group" or "the CME Group" are to our Company and our subsidiaries, collectively. References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, shall include our subsidiaries. All references to "you" in this Abridged Prospectus are to our Entitled Shareholders.*

*Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.*

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

*Any reference to a time of a day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.*

*Any discrepancy in the tables between the amounts listed and the totals in this Abridged Prospectus are due to rounding.*

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**CONTENTS**


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	<b>PAGE</b>
<b>CORPORATE DIRECTORY</b>	x
<b>LETTER TO OUR ENTITLED SHAREHOLDERS CONTAINING:</b>	
1. INTRODUCTION	1
2. DETAILS OF THE RIGHTS ISSUE OF ICULS	3
2.1 Introduction	3
2.2 Basis and justification in arriving at the issue price of the Rights ICULS and the conversion price of the ICULS	4
2.3 Status of the ICULS and ranking of the new CME Shares to be issued arising from the full conversion of the ICULS	5
2.4 Principal terms of the ICULS	5
3. OTHER CORPORATE EXERCISES	7
4. SHAREHOLDER'S UNDERTAKING AND UNDERWRITING ARRANGEMENT	8
5. IMPLICATION OF THE CODE	8
6. UTILISATION OF PROCEEDS	9
6.1 Details of the Acquisitions	11
6.2 Information on the Land 1 and the Land 2	11
6.3 Market Value and the Total Purchase Consideration of the Lands	14
7. RATIONALE FOR THE RIGHTS ISSUE OF ICULS	16
8. RISK FACTORS	16
8.1 Risks relating to the operations and business of our Group	16
8.2 Risks relating to our property investment and property development sectors	18
8.3 Risks relating to the Rights Issue of ICULS	20
9. EFFECTS OF THE CORPORATE EXERCISES	22
9.1 Issued and paid-up share capital	22
9.2 NA and gearing	23
9.3 Earnings and EPS	25
10. INDUSTRY OVERVIEW AND OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP	25
10.1 Overview and outlook of the global economy	25

**CONTENTS (Cont'd)**

	<b>PAGE</b>
10.2 Overview and outlook of the Australian economy	26
10.3 Overview and outlook of the Western Australia property investment and property development market	26
10.4 Prospects of the Lands	27
10.5 Prospects of our Group	28
<b>11. WORKING CAPITAL, BORROWINGS, MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES</b>	<b>28</b>
11.1 Working capital	28
11.2 Borrowings	29
11.3 Material commitments and contingent liabilities	29
<b>12. PROCEDURES FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION</b>	<b>30</b>
12.1 Methods of acceptance and application	30
12.2 Procedures for acceptance and payment	31
12.3 Procedures for part acceptance	46
12.4 Procedures for sale/transfer of the Provisional Rights ICULS	46
12.5 Procedures for Excess Rights ICULS	47
12.6 Procedures to be followed by renounee(s)/transferee(s)	51
12.7 Form of issuance	52
12.8 Laws of foreign jurisdictions	52
<b>13. TERMS AND CONDITIONS</b>	<b>53</b>
<b>14. ADDITIONAL INFORMATION</b>	<b>54</b>
 <b>APPENDICES</b>	
<b>I. CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE OF ICULS PASSED AT OUR EGM ON 14 OCTOBER 2014</b>	<b>55</b>
<b>II. INFORMATION ON OUR COMPANY</b>	<b>57</b>
<b>III. OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON</b>	<b>67</b>
<b>IV. OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON</b>	<b>80</b>

---

**CONTENTS (Cont'd)**

---

	<b>PAGE</b>
V. OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)- MONTH FPE 30 JUNE 2014	148
VI. DIRECTORS' REPORT	159
VII. VALUATION CERTIFICATE FOR THE ACQUISITIONS PREPARED BY KNIGHT FRANK AUSTRALIA DATED 9 MAY 2014	160
VIII. ADDITIONAL INFORMATION	175

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**CORPORATE DIRECTORY**


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**BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Designation</b>	<b>Profession</b>	<b>Nationality</b>
Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	49, Jalan SS22/20 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Executive Director	Company Director	Malaysian
Lim Bee Hong	17, Jalan 18D, Aman Sari Kinrara Seksyen 8 47100 Puchong Selangor Darul Ehsan	Executive Director	Company Director	Malaysian
Chin Fook Kheong	Lot 63A, Jalan Meranti Bukit Sierramas West 47000 Sungai Buloh Selangor Darul Ehsan	Executive Director	Company Director	Malaysian
Dato' Tengku Putra Bin Tengku Azman Shah	19, Jalan Kelab Golf 13/7 Seksyen 13 40100 Shah Alam Selangor Darul Ehsan	Independent Non- Executive Director	Company Director	Malaysian
Dato' Khairi Bin Mohamad	46, Jalan Bangkung Bukit Bandaraya 59100 Kuala Lumpur	Independent Non- Executive Director	Company Director	Malaysian
Azlan Omry Bin Omar	34, Jalan Tualang Bangsar 59100 Kuala Lumpur	Independent Non- Executive Director	Company Director	Malaysian
Ong Suan Pin	No. 26, Jalan SS2/100 47300 Petaling Jaya Selangor Darul Ehsan	Independent Non- Executive Director	Company Director	Malaysian

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Khairi Bin Mohamad	Chairman	Independent Non-Executive Director
Azlan Omry Bin Omar	Member	Independent Non-Executive Director
Ong Suan Pin	Member	Independent Non-Executive Director

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**CORPORATE DIRECTORY (Cont'd)**

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- COMPANY SECRETARIES** : Tan Ruey Shyan (MIA 32563)  
Lot 19, Jalan Delima 1/1  
Taman Perindustrian Teknologi Tinggi Subang  
47500 Subang Jaya  
Selangor Darul Ehsan  
Tel: 03-5633 1188  
Fax: 03-5634 3838
- Bernard Lim Boon Siang (MACS 01153)  
PHK Management Services Sdn Bhd  
36<sup>a</sup>, Lorong Gelugor  
Off Persiaran Sultan Ibrahim  
41300 Klang  
Selangor Darul Ehsan  
Tel: 03-3343 8148/9  
Fax: 03-3341 4426
- REGISTERED OFFICE** : Lot 19, Jalan Delima 1/1  
Taman Perindustrian Teknologi Tinggi Subang  
47500 Subang Jaya  
Selangor Darul Ehsan  
Tel: 03-5633 1188  
Fax: 03-5634 3838
- HEAD OFFICE** : Lot 19, Jalan Delima 1/1  
Taman Perindustrian Teknologi Tinggi Subang  
47500 Subang Jaya  
Selangor Darul Ehsan  
Tel: 03-5633 1188  
Fax: 03-5634 3838  
Website: <http://www.cme.com.my>
- AUDITORS** : Deloitte & Touche (AF 0834)  
Chartered Accountants  
Level 16, Menara LGB  
1, Jalan Wan Kadir  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur  
Tel: 03-7610 8888  
Fax: 03-7726 8986
- REPORTING ACCOUNTANTS** : Siew Boon Yeong & Associates (AF 0660)  
Chartered Accountants  
9-C, Jalan Medan Tuanku  
Medan Tuanku  
50300 Kuala Lumpur  
Tel: 03-2693 8837  
Fax: 03-2693 8836
- DUE DILIGENCE SOLICITORS** : Ben & Partners  
7-7, Level 2, Block D2, Dataran Prima  
Jalan PJU 1/39  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7805 2922  
Fax: 03-7805 3922

**CORPORATE DIRECTORY (Cont'd)**

PRINCIPAL BANKERS	<p>: AmBank (M) Berhad (8515-D)  Level 18, Menara Dion  Jalan Sultan Ismail  50250 Kuala Lumpur  Tel: 03-2026 3939  Fax: 03-2026 6855</p> <p>Public Bank Berhad (6463-H)  Corporate Banking  27th Floor, Menara Public Bank  146, Jalan Ampang  50450 Kuala Lumpur  Tel: 03-2177 3171  Fax: 03-2163 9916</p> <p>Malayan Banking Berhad (3813-K)  Menara Maybank  100, Jalan Tun Perak  50050 Kuala Lumpur  Tel: 03-2070 8833</p>
ICULS REGISTRAR AND PAYING AGENT	<p>: Symphony Share Registrars Sdn Bhd (378993-D)  Level 6, Symphony House  Pusat Dagangan Dana 1  Jalan PJU 1A/46  47301 Petaling Jaya  Selangor Darul Ehsan  Tel: 7841 8000  Fax: 03-7841 8151/8152  Helpdesk Tel: 03-7849 0777</p>
ADVISER	<p>: Public Investment Bank Berhad (20027-W)  25<sup>th</sup> Floor, Menara Public Bank  146, Jalan Ampang  50450 Kuala Lumpur  Tel: 03-2166 9382  Fax: 03-2166 9386</p>
INDEPENDENT REGISTERED VALUER	<p>: Knight Frank Australia Pty Ltd (ABN 17004973684)  Level 10, Exchange Plaza  2, The Esplanade  Perth  WA 6000  Tel: +61 08 9325 2533  Fax: +61 08 9325 6918</p>
TRUSTEE	<p>: Pacific Trustees Berhad (317001-A)  Unit A-9-8, 9th Floor  Megan Avenue 1  No. 189, Jalan Tun Razak  Off Persiaran Hampshire  50400 Kuala Lumpur  Tel: 03-2166 8830  Fax: 03-2166 3830</p>
STOCK EXCHANGE LISTED AND LISTING SOUGHT	<p>: Main Market of Bursa Securities</p>



**CME GROUP BERHAD**

(Company No. 52235-K)

(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**

Lot 19, Jalan Delima 1/1  
Taman Perindustrian  
Teknologi Tinggi Subang  
47500 Subang Jaya  
Selangor Darul Ehsan

30 October 2014

**Board of Directors:**

Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin (*Executive Director*)

Lim Bee Hong (*Executive Director*)

Chin Fook Kheong (*Executive Director*)

Dato' Tengku Putra Bin Tengku Azman Shah (*Independent Non-Executive Director*)

Dato' Khairi Bin Mohamad (*Independent Non-Executive Director*)

Azlan Omry Bin Omar (*Independent Non-Executive Director*)

Ong Suan Pin (*Independent Non-Executive Director*)

**To: Our Entitled Shareholders**

Dear Sir/Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO RM35,288,000 NOMINAL VALUE OF TEN (10)-YEAR, ZERO COUPON ICULS AT 100% OF THE NOMINAL VALUE OF RM0.04 EACH ON THE BASIS OF RM0.08 NOMINAL VALUE OF THE ICULS FOR EVERY ONE (1) EXISTING CME SHARE HELD AT 5.00 P.M. ON 30 OCTOBER 2014, BASED ON THE MINIMUM SUBSCRIPTION LEVEL**

**1. INTRODUCTION**

Our Board is pleased to inform you that our shareholders had approved the Corporate Exercises, which include amongst others, the Rights Issue of ICULS at our Company's EGM held on 14 October 2014. A certified true extract of the resolutions pertaining to the Rights Issue of ICULS passed at the said EGM is attached in **Appendix I** of this Abridged Prospectus.

On 4 September 2014, PIVB, had on our behalf, announced that Bursa Securities had vide its letter dated 4 September 2014, granted its approval for the admission of the ICULS to the Official List of Main Market of Bursa Securities and the listing of and quotation for up to RM35,288,000 nominal value of the ICULS and up to 882,200,000 new CME Shares to be issued arising from the conversion of the ICULS on the Main Market of Bursa Securities.

The approval granted by Bursa Securities is subject to the following conditions:

Conditions imposed		Status of compliance
(a)	CME and PIVB must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Rights Issue of ICULS;	Noted
(b)	CME and PIVB to inform Bursa Securities upon the completion of the Rights Issue of ICULS;	To be met

Conditions imposed		Status of compliance
(c)	CME to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of ICULS is completed;	To be met
(d)	CME to furnish Bursa Securities on a quarterly basis, a summary of the total number of shares listed pursuant to the conversion of the ICULS as at the end of each quarter together with a detailed computation of listing fees payable;	To be met
(e)	CME and PIVB to furnish a copy of the approval letter from the Securities Commission Malaysia for the issuance of the ICULS pursuant to the Rights Issue of ICULS together with the confirmation from PIVB that all approvals from the relevant authorities have been obtained, prior to the listing of and quotation for the ICULS; and	Met
(f)	To incorporate the comments made in the circular to shareholders provided in the attachment of Bursa Securities' letter of approval.	Met

On 18 September 2014, PIVB had, on our behalf, announced that the SC had vide its letter dated 17 September 2014, granted its approval for the issuance of the ICULS pursuant to the Rights Issue of ICULS under subsection 214(1) of the CMSA.

The approval granted by the SC is subject to the following conditions:

Conditions imposed		Status of compliance
(a)	Prior to the issuance of the ICULS, PIVB is required to submit a checklist of compliance with the standard conditions and continuing obligations as stipulated in the Guidelines on PDS and any other condition imposed in any other letter issued in connection with the Rights Issue of ICULS.	To be met
(b)	The provisions under the CMSA, guidelines, notices and circulars issued or administered by the SC are an integral part of the SC's approval and must be complied with. PIVB and CME are reminded that any contravention or non-compliance with any approval condition will be subject to enforcement actions by the SC as provided under the CMSA.	Noted

The official listing of and quotation for the ICULS and the new CME Shares to be issued arising from the conversion of the ICULS will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of our Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Subsequently, on 15 October 2014, PIVB, had on our behalf, announced that the Entitlement Date, which our shareholders must be registered on the Record of Depositors in order to participate in the Rights Issue of ICULS, has been fixed at 5.00 p.m. on 30 October 2014.

No person is authorised to give any information or to make any representation not contained herein in connection with the Rights Issue of ICULS, and if given or made, such information or representation must not be relied upon as having been authorised by us or PIVB in connection with the Rights Issue of ICULS.

**IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**



## 2. DETAILS OF THE RIGHTS ISSUE OF ICULS

### 2.1 Introduction

In accordance with the terms of the Rights Issue of ICULS as approved by the relevant authorities, our shareholders and subject to the terms of the Documents, the Rights Issue of ICULS entails a provisional allotment of up to RM35,288,000 nominal value of ten (10)-year, zero coupon ICULS at 100% of the nominal value of RM0.04 each on the basis of RM0.08 nominal value of the ICULS for one (1) existing CME Share held on the Entitlement Date based on the Minimum Subscription Level.

The Rights Issue of ICULS will be undertaken on the Minimum Subscription Level which was determined by our Board after taking into consideration, amongst others, the minimum level of funds that our Company wishes to raise from the Rights Issue of ICULS which will be channelled towards the funding requirements of the Acquisitions (details as set out in Section 6 of this Abridged Prospectus) and the amount of funds to defray estimated expenses relating to the Corporate Exercises.

As an Entitled Shareholder, you will find enclosed with this Abridged Prospectus:

- (i) the NPA in respect of the number of Rights ICULS for which you are entitled to subscribe for under the terms of the Rights Issue of ICULS; and
- (ii) the RSF which is to be used for the acceptance of the Provisional Rights ICULS and for the Excess Application, should you wish to do so.

You can fully or partially subscribe and/or renounce your entitlements for the Rights ICULS provisionally allotted to you. In addition to taking up your respective entitlements under the Rights Issue of ICULS, you may also apply for the excess Rights ICULS under the excess Rights ICULS application. It is the intention of our Board to allot the excess Rights ICULS, if any, in a fair and equitable manner as further set out in Section 12.5 of this Abridged Prospectus.

The Rights ICULS which are renounced, not validly taken up or are not allotted for any reason whatsoever, will first be made available for the excess Rights ICULS application by our Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable). After which, any remaining unsubscribed Rights ICULS will be subscribed by the shareholder who has provided the Irrevocable Undertaking.

Any fractional entitlement under the Rights ICULS shall be disregarded and the aggregate of such fractions, if any, shall be dealt with in such manner or on such terms as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company.

Any dealing in our Company's securities will be subject to, amongst others, the provision of the SICDA, the Rules of Bursa Depository and any other relevant legislation. The Rights ICULS will be credited directly into the respective CDS accounts of our Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who have successfully subscribed for such Rights ICULS. No physical loan stock certificates will be issued.

The Rights ICULS to be issued pursuant to the Rights Issue of ICULS will be listed and quoted on the Main Market of Bursa Securities within two (2) Market Days upon the receipt of the application for quotation of the Rights ICULS by Bursa Securities as specified under the Listing Requirements.

Our Company shall despatch notices of allotment to the successful applicants within eight (8) Market Days from the last date for acceptance and payment for the Rights ICULS or such other period as may be prescribed by Bursa Securities.

## 2.2 Basis and justification in arriving at the issue price of the Rights ICULS and the conversion price of the ICULS

The Rights ICULS shall be issued at 100% of the nominal value of RM0.04 each. The conversion price of the ICULS of RM0.10 for one (1) new CME Share was arrived at after taking into consideration, amongst others, the following:

- (i) par value of CME Shares of RM0.10 each;
- (ii) the five (5)-day VWAMP of RM0.0859 per CME Share up to and including 8 May 2014, being the latest practicable date immediately prior to the Announcement; and
- (iii) the quantum of the gross proceeds to be raised for the funding requirements of the Acquisitions, working capital and estimated expenses relating to the Corporate Exercises as set out in Section 6 of this Abridged Prospectus.

For illustrative purposes, the conversion price of the ICULS of RM0.10 represents a premium of approximately RM0.0101 or 11.23% over the theoretical ex-rights price of CME Shares of RM0.0899 per CME Share, calculated based on the five (5)-day VWAMP of RM0.0859 per CME Share up to and including 8 May 2014, being the latest practicable date immediately prior to the Announcement. This is based on the conversion of surrendering RM0.10 nominal value of ICULS for one (1) new CME Share.

As set out in the terms of the ICULS and based on the conversion price of RM0.10, the ICULS may be converted into new CME Shares in the following manner:

- (i) by surrendering ICULS for such nominal value equivalent to the conversion price of RM0.10 for one (1) new CME Share; or
- (ii) by surrendering ICULS for such number of RM0.04 nominal value of ICULS together with cash such that in aggregate it amounts to RM0.10 for one (1) new CME Share.

The two (2) available conversion modes of the ICULS will provide more flexibility for the holders of the ICULS to determine the conversion mode to be adopted in view of the prevailing market condition and market price of the CME Shares as at the point of the conversion.

The table below illustrates the Rights ICULS entitlement and number of new CME Shares to be received upon the full conversion of the ICULS by the two (2) available conversion modes as stated above for an Entitled Shareholder.

	No. of CME Shares held as at the Entitlement Date	Nominal value of the Rights ICULS entitlement (RM)	No. of new CME Shares to be received upon the full conversion of the ICULS	
			by surrendering RM80,000 nominal value of the ICULS	by surrendering RM80,000 nominal value of the ICULS together with cash of RM120,000
Entitled Shareholder	1,000,000	80,000	800,000	2,000,000

Premised on the terms of the ICULS, the ICULS can be converted into new CME Shares anytime from the date of issuance of the ICULS up to the Maturity Date. Any ICULS which are not converted would be mandatorily converted into new CME Shares on the Maturity Date.

Any fractional of a new CME Share arising from the mandatory conversion of the ICULS on the Maturity Date will be disregarded and will be dealt with by our Board as it may deem fit and expedient in the best interest of our Company.

### 2.3 Status of the ICULS and ranking of the new CME Shares to be issued arising from the full conversion of the ICULS

The ICULS shall constitute direct, unconditional and unsecured obligations of our Company and subject to the provisions contained in the Trust Deed, must at all times rank *pari passu*, without discrimination, preference or priority between themselves and must rank at least *pari passu* with all present and future direct, unconditional, unsecured and unsubordinated debts and obligations of our Company except for those which are preferred by law.

The new CME Shares to be allotted and issued upon the conversion of the ICULS will rank *pari passu* in all respects with the then existing CME Shares except that such new CME Shares will not be entitled to any dividends, rights, allotments and/or distributions, that may be declared, the entitlement date of which precedes the date of allotment and issuance of such new CME Shares.

### 2.4 Principal terms of the ICULS

The principal terms of the ICULS are set out as follows:

Issuer	:	CME.
Issue Size	:	Up to RM35,288,000 nominal value of ICULS to be issued pursuant to the Rights Issue of ICULS.
Issue Price	:	100% of the nominal value of RM0.04 each.
Form & Denomination	:	The ICULS will be issued in registered form in denomination of RM0.04 each and multiples of 100 units thereof, and constituted by the Trust Deed.
Basis of Allotment	:	RM0.08 nominal value of ICULS for every one (1) existing CME Share held by our Entitled Shareholders on the Entitlement Date.
Tenure	:	Ten (10) years commencing from and including the date of issue of the ICULS and expiring on the Maturity Date.
Maturity Date	:	The date on which the ICULS are to be compulsorily or automatically be converted into new CME Shares which date shall fall on the tenth (10th) anniversary of the date of issue of the ICULS and if such date is not a market day, then on the immediate preceding market day.
Coupon Rate	:	Zero coupon rate.
Conversion Rights	:	Each registered holder of the ICULS shall have the right at any time during the Conversion Period to convert such amount of ICULS held into fully paid-up new CME Shares at the Conversion Price.  Any remaining ICULS not converted at the end of the Conversion Period shall be mandatorily converted into new CME Shares at the Conversion Price on the Maturity Date. Any fractional new CME Shares arising from the mandatory conversion of the ICULS on the Maturity Date shall be disregarded and be dealt with by our Board as it may deem fit and expedient in the best interest of our Company.
Conversion Price	:	The conversion price of the ICULS is RM0.10 for every one (1) new CME Share.

- Conversion Period : The ICULS shall be convertible into new CME Shares on any Market Day from and including the date of the issue of the ICULS up to and including the Maturity Date.
- Conversion Mode : During the Conversion Period, the ICULS may be converted into new CME Shares in the following manner:
- (i) by surrendering ICULS for such nominal value equivalent to the Conversion Price for one (1) new CME Share; or
  - (ii) by surrendering ICULS for such number of RM0.04 nominal value together with cash such that in aggregate it equivalent to the Conversion Price for one (1) new CME Share.
- Conversion Price Adjustment : Our Company shall make the necessary adjustment to the Conversion Price in the event of any alteration to the share capital of CME on or before the Maturity Date, whether by way of rights issues, bonus issues, consolidation of shares, sub-division of shares or capital distribution whether on a reduction of capital or otherwise, in accordance with the provisions of the Trust Deed.
- Redeemability : The ICULS will not be redeemable for cash. All outstanding ICULS will be mandatorily converted into new CME Shares on the Maturity Date by surrendering for cancellation nominal value of ICULS equivalent to the Conversion Price.
- Purchase or Cancellation : CME and/or its subsidiaries may at any time purchase the ICULS on the Main Market of Bursa Securities at the market price prevailing at the time of purchase.
- All ICULS purchased by CME and/or its subsidiaries shall be cancelled, subject to regulatory procedures and cannot be resold or be convertible into new CME Shares.
- Status of ICULS : The ICULS shall constitute direct, unconditional and unsecured obligations of CME and subject to the provisions contained in the Trust Deed, must at all times rank *pari passu*, without discrimination, preference or priority between themselves and must rank at least *pari passu* with all present and future direct, unconditional, unsecured and unsubordinated debts and obligations of CME except for those which are preferred by law.
- ICULS holders' rights to participate in any distribution and/or offer of further securities in our Company : The ICULS holders are not entitled to participate in any distribution and/or offer of securities in CME until and unless such ICULS holders convert the ICULS into new CME Shares.
- Rights of the ICULS holders on liquidation : In the event of the ICULS becoming payable upon the occurrence of an event of default, the amount which is immediately due and payable by CME to the holders of the ICULS or which the holders of the ICULS may prove for in the liquidation shall be the nominal value of the outstanding ICULS. Save as aforementioned, the ICULS shall not be liable to be redeemed in cash but only by conversion into fully paid new CME Shares in accordance with the provisions of the Trust Deed.

Maximum number of new CME Shares to be issued arising from the full conversion of the ICULS	:	Based on the Conversion Price of RM0.10 for one (1) new CME Share, the maximum number of new CME Shares to be issued is 882,200,000 new CME Shares.
Ranking of new CME Shares arising from the conversion of the ICULS	:	The new CME Shares to be allotted and issued upon conversion of the ICULS will rank <i>pari passu</i> in all respects with the existing CME Shares except that such new CME Shares will not be entitled to any dividends, rights, allotments and/or distributions declared, the entitlement date of which precedes the date of allotment and issuance of such new CME Shares.
Listing	:	Bursa Securities had on 4 September 2014, granted its approval for the admission of the ICULS to the Official List of Main Market of Bursa Securities and for the listing of and quotation for the ICULS and the new CME Shares to be issued arising from the conversion of the ICULS on the Main Market of Bursa Securities.
Board Lot	:	The ICULS are tradable in board lots of RM4 nominal value of ICULS, or such denomination as may be determined by Bursa Securities upon listing.
Rating	:	The ICULS will not be rated.
Trust Deed	:	The ICULS will be constituted by the Trust Deed to be executed between CME and the Trustee appointed by CME, acting for the benefit of the holders of the ICULS.
Governing Law	:	Laws and regulations of Malaysia.

### 3. OTHER CORPORATE EXERCISES

Save for the Rights Issue of ICULS, the Acquisitions and as disclosed below, there are no other corporate exercises announced but pending completion as at the LPD:

- (i) Our Company had on 17 June 2013 and 19 September 2014, entered into a sale and purchase agreement and supplementary agreement, respectively, with Emas-Jaya Enterprise Sdn Bhd for the acquisition of a vacant commercial leasehold land held under Mukim Kuala Kuantan, Tempat Bandar Indera Mahkota, District of Kuantan, Pahang Darul Makmur measuring approximately 5,936 sq. m. or 1.47 acres for a total cash of RM6.00 million. As at the LPD, the acquisition is still pending the land ownership transfer and is expected to be completed in the first (1<sup>st</sup>) quarter of 2015;
- (ii) On 12 August 2014, our Company had entered into a joint venture agreement with CMEPA, Ruark Properties Pty Ltd and Central Park (QSD) Pty Ltd (“JV Parties”) for the joint mixed development of the Lands (“Joint Venture”). The Joint Venture is subject to the completion of the Acquisition and is expected to commence in the fourth (4<sup>th</sup>) quarter of 2014; and
- (iii) Establishment of an employee share option scheme (“ESOS”) of up to fifteen per cent (15%) of the prevailing issued and paid-up share capital of our Company (excluding treasury shares) for the eligible employees (including Directors) of our Group, who meet the criteria of eligibility for participation in the ESOS as set out in the by-laws containing the rules, terms and conditions of the ESOS (“By Laws”). The ESOS is expected to be effective in the first (1<sup>st</sup>) quarter of 2015.

#### 4. SHAREHOLDER'S UNDERTAKING AND UNDERWRITING ARRANGEMENT

The Rights Issue of ICULS will be undertaken on a minimum subscription level basis. The Minimum Subscription Level was determined based on the minimum expected level of funds to be raised from the Rights Issue of ICULS as set out in Section 6 of this Abridged Prospectus.

In order to achieve the Minimum Subscription Level, our Board has procured the Irrevocable Undertaking from IMHSB in the following manner:

- (i) to subscribe for its Rights ICULS entitlement of RM6,445,891.20 nominal value of the Rights ICULS; and
- (ii) to subscribe for the requisite number of excess Rights ICULS not subscribed by the other Entitled Shareholders of up to RM20,554,108.80 nominal value of the Rights ICULS.

Under the Minimum Scenario, the Irrevocable Undertaking from IMHSB in the manner as mentioned above is set out in the table below:

Major Shareholder	CME Shares held directly as at the LPD <sup>#</sup>		Rights ICULS entitlement		Irrevocable Undertaking	
	No. of CME Shares ('000)	%	Nominal value of Rights ICULS (RM'000)	% <sup>^</sup>	Nominal value of Rights ICULS (RM'000)	% <sup>^</sup>
IMHSB	80,574	18.27	6,446	18.27	27,000	76.51

Note:

<sup>#</sup> Based on the Register of Substantial Shareholders.

<sup>^</sup> As a percentage of RM35,288,000, being the nominal value of the Rights ICULS to be issued pursuant to the Rights Issue of ICULS.

Arising from the obligation of the Irrevocable Undertaking, IMHSB has provided its confirmation that it has sufficient financial resources to subscribe for the Rights ICULS pursuant to its Irrevocable Undertaking in the abovementioned manner. PIVB has verified, to the extent possible, that IMHSB has the financial resources to fulfill its commitment pursuant to the Irrevocable Undertaking.

In view of the Irrevocable Undertaking from IMHSB, there will not be any underwriting arrangement required for the Rights Issue of ICULS.

In the event IMHSB fails to fulfill its obligation under the Irrevocable Undertaking and the Minimum Subscription Level is not achieved, our Company will not proceed with the implementation of the Rights Issue of ICULS. All subscription monies received pursuant to the Rights Issue of ICULS will be refunded without interest within fifteen (15) Market Days from the last date of acceptance and payment to our Entitled Shareholders and/or renounee(s)/transferee(s) who have subscribed for the Rights ICULS.

**In addition, if the Rights Issue of ICULS is not implemented, our Company will not proceed with the implementation of the Acquisitions due to the conditionality of the Rights Issue of ICULS and the Acquisitions.**

As at the LPD, our Company does not have any other alternative fund raising plan in the event that the Minimum Subscription Level is not achieved.

#### 5. IMPLICATION OF THE CODE

As at the LPD, IMHSB holds 80,573,640 CME Shares, representing approximately 18.27% of the issued and paid-up share capital of our Company.

Premised on the Irrevocable Undertaking and based on the assumption that should none of the other shareholders subscribes for the Rights ICULS, IMHSB would be obligated to subscribe for RM27,000,000 nominal value of the Rights ICULS. As such, upon the conversion of the ICULS (assuming by surrendering RM0.04 nominal value of the ICULS together with cash such that in aggregate it amounts to RM0.10 for one (1) new CME Share), the shareholdings of IMHSB in our Company could potentially increase from 18.27% to 67.70%. However, the actual shareholding of IMHSB in our Company would depend on amongst others, the timing and actual holdings of its ICULS converted into new CME Shares (on the assumption that IMHSB does not dispose any of its existing or acquire any new CME Shares and/or the ICULS).

The conversion of the ICULS to be held by IMHSB may result in the shareholdings of IMHSB and its PACs (if any), direct or indirect shareholding to collectively exceed 33% of the voting shares in our Company at any point of time. Pursuant to the Code, IMHSB and its PACs (if any) would be obliged to extend a mandatory take-over offer for all the remaining CME Shares and convertible securities not already owned by them.

In relation to the above, IMHSB may make an application to the SC to seek an exemption for IMHSB and its PACs (if any) under Paragraph 16.1 of Practice Note (“PN”) 9 of the Code from the obligation to extend a mandatory take-over offer for all the remaining CME Shares and convertible securities not already owned by them. The application will be made at a later date but prior to triggering the mandatory take-over offer obligation.

IMHSB has been advised by PIVB and is aware that the SC may consider granting an exemption to IMHSB and its PACs (if any) when the conditions under Paragraph 16.3 of PN 9 of the Code have been satisfied, for amongst others include the following:

- (i) there is no disqualifying transaction ^;
- (ii) approval has been obtained from independent holders of voting shares or voting rights of the offeree at a meeting of the holders of the relevant class of voting shares or voting rights to waive their rights to receive the mandatory offer from the offeror and PACs; and
- (iii) the names of the parties that have abstained from voting at the general meeting have been submitted to the SC.

*Note:*

^ “disqualifying transaction” shall have the meaning given in Paragraph 16.4 of PN 9 of the Code.

Subject to satisfying the conditions aforementioned, the SC may consider granting an exemption to IMHSB and its PACs (if any) with or without conditions.

## 6. UTILISATION OF PROCEEDS

Based on the nominal value of RM0.04 per ICULS and the Irrevocable Undertaking, the total gross proceeds that are expected to be raised from the Rights Issue of ICULS is up to RM35,288,000 which is intended to be utilised as follows:

Details of utilisation	Minimum Scenario (RM)	Maximum Scenario (RM)	Estimated timeframe for the utilisation from date of receipt
Funding for the Acquisitions <sup>(a)</sup>	26,000,000	27,000,000	Within six (6) months
Estimated GST <sup>(b)</sup>	-	3,000,000	Within six (6) months
Working capital requirements <sup>(c)</sup>	-	4,288,000	Within eighteen (18) months
Defray estimated expenses relating to the Corporate Exercises <sup>(d)</sup>	1,000,000	1,000,000	Within six (6) months
<b>Total</b>	<b>27,000,000</b>	<b>35,288,000</b>	

Notes:

(a) Pursuant to the Acquisitions, the Total Purchase Consideration is RM30,000,000 (excluding GST). Under both Minimum and Maximum Scenarios, the shortfall between the proceeds to be raised from the Rights Issue of ICULS and the Total Purchase Consideration will be funded by our Group's internally generated funds and/or bank borrowings.

(b) Being the estimated GST (10% of the total purchase consideration) payable arising from the Acquisitions.

Under the Minimum Scenario, the estimated GST payable arising from the Acquisitions will be funded by our Group's internally generated funds and/or bank borrowings.

(c) The working capital requirements include but are not limited to the funding of our Group's day-to-day operations as well as for initial costs to be incurred by our Group for the lands pursuant to the Acquisitions. The breakdowns are as follows:

<b>Details of utilisation</b>	<b>Maximum Scenario (RM)</b>
Personnel costs <sup>(i)</sup>	1,588,000
Administrative expenses <sup>(ii)</sup>	150,000
Estimated expenses in relation to the lands pursuant to the Acquisitions <sup>(iii)</sup>	2,550,000
<b>Total</b>	<b>4,288,000</b>

Under the Minimum Scenario, such expenses will be funded by our Group's internally generated funds and/or bank borrowings.

(i) Personnel costs include Directors' remuneration, basic salary of employees, Employees Provident Fund, SOCSO and other statutory payments.

(ii) Administrative expenses, including utilities and statutory related expenses such as audit fees and tax fees.

(iii) Being the estimated expenses to be incurred in relation to the lands pursuant to the Acquisitions such as consultation fees, professional fees and legal costs for the Lands.

(d) The estimated expenses of approximately RM1,000,000 include the estimated professional fees, fees payable to the relevant authorities, other miscellaneous expenses and the RM30,000 for the reimbursement account in accordance with the provisions of the Trust Deed. Any surplus or shortfall of funds for the payment of expenses for the Corporate Exercises will be adjusted accordingly from or to the working capital, as the case may be.

Pending utilisation of the proceeds from the Rights Issue of ICULS for the above purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

Assuming the conversion of RM35,288,000 nominal value of the ICULS by surrendering RM0.04 nominal value of the ICULS together with cash such that in aggregate it amounts to RM0.10 for one (1) new CME Share, the quantum of proceeds to be received by our Company pursuant to the conversion of the ICULS is up to RM52,932,000.

Notwithstanding the above, the actual quantum of proceeds to be received by our Company pursuant to the conversion of the ICULS cannot be determined at this juncture as it would be dependent on the mode of conversion of the ICULS into new CME Shares used by the holders of the ICULS. Nevertheless, our Group intends to use such proceeds, if any for the working capital requirements and future business expansion of our Group, the details of which has yet to be determined by our Board at this juncture.

In view that our Board has yet to identify any suitable and viable investment opportunity in relation to the future business expansion as at the LPD, our Board intends to place such proceeds (if any) to be received from the conversion of the ICULS in interest-bearing fixed deposit accounts with licensed financial institution(s) or in short-term money market instruments. However, our Board will give priority to the investment opportunities, which are in the same or complementary to our Group's existing business operations.



As the utilisation of the proceeds from the Rights Issue of ICULS is mainly for the Acquisitions, further details of the Acquisitions are as follow:

### 6.1 Details of the Acquisitions

On 9 May 2014, CMEPA had entered into the following Contracts:

- (i) offer and acceptance contract for the acquisition of the Land 1 by CMEPA from LPL for a cash consideration of RM22,401,000 (equivalent to approximately AUD7,467,000); and
- (ii) offer and acceptance contract for the acquisition of the Land 2 by CMEPA from GHPL for a cash consideration of RM7,599,000 (equivalent to approximately AUD2,533,000).

The Acquisitions are in line with our Group's investment objective and growth strategy to provide additional income stream, potential capital growth in the long-term and reduce dependency on the existing core business. The Acquisitions represent an effort by our Group to participate in the property investment and property development sectors, given the growth potential of these sectors. The Foreign Investment Review Board had via its letter dated 24 June 2014, given its consent that there are no objections to the Acquisitions in terms of the Australian Government's foreign investment policy.

Mandurah is located approximately seventy five (75) kilometres south of Perth Central Business District ("CBD") and connected via the Perth-Mandurah railway line and the Kwinana Freeway. The city's economy is currently characterised by a high concentration of population-driven industries such as retail, professional service providers and construction. Hence, the property development in Mandurah is expected to grow supported by the favourable tourism sector, generating business opportunities and employment in Mandurah.

Given the growth prospects of Mandurah and the strategic location of the Lands, our Board is confident that the Acquisitions, taking into consideration the Mandurah Terrace Precinct Plan, would provide our Group an opportunity to venture into the property investment and property development sectors and would contribute positively to the future earnings of our Group.

### 6.2 Information on the Land 1 and the Land 2

The Lands are located in Mandurah, one of the largest cities of WA, which is located approximately seventy five (75) kilometres south of Perth CBD in Perth, the state capital of WA.



(Source: Valuation Report)

Mandurah is one of the most vibrant regional cities in WA where the city is considered as a popular tourist destination by many, identified for the pleasant lifestyle associated with the peel estuary and white sandy beaches. The city offers a wide range of activities from exploring vast waterways and national parks, to visiting wineries and bush walking along the forest. Throughout the year, Mandurah attracts a large number of tourists, including many international visitors and had been voted twice as WA's Top Tourism Town in 2003 and 2004.

Moreover, the connection between Mandurah and Perth CBD has been strengthened with the opening of the Perth-Mandurah railway line with a travel time of approximately fifty (50) minutes and via direct road connection on the Kwinana Freeway, which takes approximately an hour by car from Mandurah to Perth.

The Lands consist of two (2) separate but contiguous parcels of vacant land located on the south-western intersection of Mandurah Terrace and Henson Street in Mandurah. It is approximately one and a half (1.5) kilometres from the Mandurah town centre. One of the features of the Lands is its close proximity to several tourist attractions such as the Silver Sands Beach, Mandurah Ocean Marina, Dolphin Quay and Mandurah Canals. The Lands were previously used for tourism purposes with the "Lucky Caravan Park" operating from the site but are now vacant.



The Lands fall within the Mandurah Terrace Precinct Plan, a plan approved by the local council of Mandurah and by the WA Planning Commission. (Source: <http://www.mandurah.wa.gov.au/precincts.htm>) The vision of this plan is to create a revitalised tourist precinct with a grand Mandurah Terrace boulevard as the centerpiece with pedestrian connections and a focus on new high quality tourist accommodation and mixed-use development, to strengthen the relationship with the seaside and marina, and to improve community sense of place in rejuvenated commercial nodes.

Prior to the execution of the Contracts, the Lands had been approved for mixed use development incorporating apartment units, office and retail tenancy areas in addition to a short stay accommodation development (featuring cafe/restaurant and ancillary facilities) via a letter of conditional development approval issued by the authority of the City of Mandurah dated 26 March 2010, of which the approval was then expired on 26 March 2012. The construction works on the Lands had not commenced as there was difficulty in securing the necessary financing from the financial institutions for the development at that point of time, following the uneven recovery between 2008 and 2010 subsequent to the global financial crisis.

As at the LPD, an application to seek new approval for the revised development plan in respect of a proposed mixed use development comprising residential, commercial and tourist accommodation on the Lands has been submitted to City of Mandurah. Based on the submitted development plan, the estimated GDV and GDC of the proposed mixed development on the Lands is approximately AUD137.23 million (equivalent to approximately RM411.69 million) and AUD111.66 million (equivalent to approximately RM334.98 million), respectively, which are subject to changes upon the finalisation of the development plan.

The revised preliminary development plan consists of one hundred sixty seven (165) tourist accommodation units above the two (2)-storey car parks podium, fifteen (15) units of three (3)-bedroom single-storey 'skyhome' apartment serviced by lift from the car parks podium, twenty two (22) units of two (2)-storey 'skyhome' apartment with private lifts, ten (10) units of two (2)-storey apartment with car park adjoining, ten (10) commercial units at ground level, and other common facilities such as swimming pool, tennis court, pool table, gymnasium, bowling green, library, golf putting area, barbeque facilities and club house.

As at the LPD, the details of the Lands are as follows:

	Land 1	Land 2
Registered owner	: LPL	: GHPL
Title details	: Certificate of Title Volume 1521 Folio 640	: Certificate of Title Volume 1695 Folio 297
Lot number and location	: Lot 11 Henson Street, Local Government Area of City of Mandurah, Australia	: Lot 40 Mandurah Terrace, Local Government Area of City of Mandurah, Australia
Land area	: 11,786 sq. m. (equivalent to 126,863 sq. ft.)	: 3,998 sq. m. (equivalent to 43,034 sq. ft.)
Land tenure	: Freehold	: Freehold
Existing usage	: Not applicable as the land is vacant at this juncture	: Not applicable as the land is vacant at this juncture
Proposed usage	: Mixed developments	: Mixed developments
Development approval	: Approved on 26 March 2010 and expired on 26 March 2012	
Net book value as at the LPD	: The information is not made available as our Company is not privy to such information	
Market value appraised by independent registered valuer, Knight Frank Australia on 9 May 2014	: AUD10,000,000 or average AUD633.55 per sq. m. for the combined land area of 15,784 sq. m. (equivalent to RM30,000,000 or average RM1,901 per sq. m. or RM177 per sq. ft.)	

	Land 1	Land 2
Encumbrances :	Charged to Industry Funds Management (Nominees 2) Pty Ltd and registered on 18.10.2007 under mortgage K382449	Charged to Industry Funds Management (Nominees 2) Pty Ltd and registered on 18.10.2007 under mortgage K382448 Memorial M24514 of Taxation Administration Act 2003, Section 76 (Land Tax) registered on 21 August 2012

The market value is the estimated amount for which a land should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In arriving at the opinion of the Market Value, Knight Frank Australia had appraised the Lands in the Valuation Report using the direct comparison method. The direct comparison method of valuation involves determining the market value by directly comparing the Lands under valuation with similar lands which have been recently transacted, finding its value from these transactions. This method of valuation is based on the principle that the market value of a land would be in line with the market values of similar properties in the same locality as the Lands, the values being indicated through sales transaction of these lands. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis for comparison.

Although Paragraph 4.06 of the Asset Valuation Guidelines issued by SC requires at least two (2) methods of valuation to be adopted, Knight Frank Australia had only relied upon one (1) method of valuation. Knight Frank Australia has not undertaken an assessment of the Market Value based on other approach, namely static hypothetical redevelopment approach, due to the following factors:

- (i) the previous conditional development approval expired on 26 March 2012;
- (ii) no development cost estimates was available as at the date of compiling the Valuation Report;
- (iii) any assessment of an anticipated sale prices of the units would be highly subjective; and
- (iv) due to the locational characteristics of the site, together with the current phase of the Mandurah residential and commercial property markets, the redevelopment in accordance with the expired development approval may not represent the highest and best use of the land.

### 6.3 Market Value and the Total Purchase Consideration of the Lands

#### 6.3.1 Purchase Consideration 1 for the Land 1

The cash consideration of RM22,401,000 (equivalent to approximately AUD7,467,000) for the Acquisition of Land 1 was arrived at on a willing buyer-willing seller basis, after taking into consideration, amongst others, the following:

- (i) the strategic location and earnings potential of Land 1;
- (ii) the Acquisition of Land 1 is inter-conditional upon the Acquisition of Land 2; and

- (iii) the Market Value of average AUD633.55 per sq. m. (or equivalent to approximately RM1,901 per sq. m.) as appraised by Knight Frank Australia based on the combined land area of 15,784 sq. m.

Based on the Market Value assessed by Knight Frank Australia after adopting the comparison method of valuation, premised upon valid and conclusive sales data (including amongst others, transacted land details such as land titles, land areas and consideration paid as set out in **Appendix VII** of this Abridged Prospectus) extracted from the WA state government department namely Landgate, CMEPA and LPL have negotiated and mutually agreed upon the Purchase Consideration 1 for the Land 1.

The Purchase Consideration 1 shall be satisfied in the manner as disclosed in Section 6.3.3 of this Abridged Prospectus.

### 6.3.2 Purchase Consideration 2 for the Land 2

The cash consideration of RM7,599,000 (equivalent to approximately AUD2,533,000) for the Acquisition of Land 2 was arrived at on a willing buyer-willing seller basis, after taking into consideration, amongst others, the following:

- (i) the strategic location and earnings potential of Land 2;
- (ii) the Acquisition of Land 2 is inter-conditional upon the Acquisition of Land 1; and
- (iii) the Market Value of average AUD633.55 per sq. m. (or equivalent to approximately RM1,901 per sq. m.) as appraised by Knight Frank Australia based on the combined land area of 15,784 sq. m.

Based on the Market Value assessed by Knight Frank Australia after adopting the comparison method of valuation, premised upon valid and conclusive sales data (including amongst others, transacted land details such as land titles, land areas and consideration paid as set out in **Appendix VII** of this Abridged Prospectus) extracted from the WA state government department namely Landgate, CMEPA and GHPL have negotiated and mutually agreed upon the Purchase Consideration 2 for the Land 2.

The Purchase Consideration 2 shall be satisfied in the manner as disclosed in Section 6.3.3 of this Abridged Prospectus.

### 6.3.3 Sources of funding

The breakdown of the source of funds for the Total Purchase Consideration and the estimated GST (10% of the Total Purchase Consideration) is as follows:

Source of funding	Minimum Scenario			Maximum Scenario		
	Total Purchase Consideration (RM'000)	Estimated GST (RM'000)	Total (RM'000)	Total Purchase Consideration (RM'000)	Estimated GST (RM'000)	Total (RM'000)
Rights Issue of ICULS <sup>(a)</sup>	26,000	-	26,000	27,000	3,000	30,000
Internally generated funds and/or bank borrowings <sup>(b)</sup>	4,000	3,000 <sup>(c)</sup>	7,000	3,000	-	3,000
<b>Total</b>	<b>30,000</b>	<b>3,000</b>	<b>33,000</b>	<b>30,000</b>	<b>3,000</b>	<b>33,000</b>

*Notes:*

- (a) *The utilisation of the proceeds to be raised from the Rights Issue of ICULS is set out in Section 6 of this Abridged Prospectus.*
- (b) *The exact mix of internally generated funds and borrowings will be determined by our Company at a later stage, after taking into consideration, amongst others, our Group's gearing level, interest costs and internal cash requirements for its business operations.*
- (c) *Under the Minimum Scenario, the estimated GST payable arising from the Acquisitions will be funded by our Group's internally generated funds and/or bank borrowings.*

## **7. RATIONALE FOR THE RIGHTS ISSUE OF ICULS**

The rationale for the Rights Issue of ICULS are as follows:

- (i) enable our Group to raise funds at an attractive and lower cost without incurring higher and/or recurring interest costs as opposed to borrowings from the financial institutions;
- (ii) enable our Group to strengthen its capital base with the increase in the shareholders' funds upon conversion of the ICULS;
- (iii) the issuance of the ICULS would not dilute the percentage of shareholding of the existing shareholders of our Company, assuming that all our Entitled Shareholders fully subscribe for their respective entitlements and thereafter fully convert the ICULS;
- (iv) the issuance of the ICULS does not have an immediate dilutive effect on the EPS of our Group as opposed to the issuance of new CME Shares; and
- (v) provide our Entitled Shareholders with an option to further participate in the equity of our Company at a predetermined Conversion Price during the tenure of the ICULS. Proceeds to be received from the conversion of the ICULS, if any, will provide an additional source of funds to be used for future working capital requirements and business expansion of our Group.

## **8. RISK FACTORS**

In addition to the other information contained herein, you should carefully consider the following risk factors (which may not be exhaustive) before making your decision on whether to subscribe for your entitlements to the Rights ICULS.

### **8.1 Risks relating to the operations and business of our Group**

#### **8.1.1 Business risks**

The Acquisitions will expose our Group to risks inherent in the property investment and property development sectors. These may include, amongst others, competition from existing players and entry of new players, changes in demand and oversupply of properties, increases in the costs of labour and building materials, labour and building material disruptions and/or shortages, changes in the consumers' preference for products types, changes in credit conditions such as availability of end finance and changes in the legal and environment framework within which this industry operates.

Although our Group will seek to limit these risks through, inter-alia, effective human resource development strategies, market research and feasibility studies, product development, implement effective project management and cost control policies, undertaking prudent business strategies, monitoring the consumers' preference and lifestyle, reviewing operations and marketing strategies, no assurance that any changes to these risk factors will not have a material adverse effect on our Group's business and earnings in the future.

### **8.1.2 Business diversification risks**

Our Group is principally involved in providing comprehensive solutions in relation to designing, manufacturing and sales of various types of specialised mobility vehicles, and fire fighting and safety vehicles. The undertaking of the Acquisitions and the Diversification would expose our Group to new challenges and risks arising from the property investment and property development businesses in which our Group has not been directly participating in the past.

Our Group would endeavour to mitigate such risks by leveraging on the core competencies of and experience of the management of our Group with relevant experience in property development as well as the joint venture partners, if any. However, there is no assurance that any changes to these risks factors will not have a material adverse effect on our Group's business and earnings in the future.

### **8.1.3 Dependence on key personnel**

The success of our Group's property development will depend, to a certain extent, upon the abilities, skills, experience, competency and continued efforts of the key personnel. The loss of key personnel at this juncture may adversely affect the property development division of our Group.

To avoid over dependence on any key personnel, our Group will continuously adopt appropriate approaches to attract additional qualified and experienced personnel. Our Group intends to gradually recruit a team of experienced personnel for our property development division. Recognising the importance of the key personnel, our Group has in place an appropriate human resource strategy and succession plan which includes competitive remuneration packages, training, conducive working environment, to reward its employees via the employees' share options scheme to be implemented and the opportunity for career growth.

However, there is no assurance that these measures will always be successful or relevant in retaining key personnel or ensuring a smooth transition should changes occur.

### **8.1.4 Interest rate and liquidity risks**

Banking facilities and borrowing could be some of the main sources of financing for our business operations and expansion. Hence, an increase in interest rates could lead to higher borrowing costs and in turn, affect the profitability of our Group. The management of our Group has taken and will continue to take measures to mitigate our Group's exposure to adverse movements in interest rate but such measures may not fully eliminate interest rate risks faced by our Group.

Our Group has also adopted prudent liquidity risk management by maintaining sufficient cash and the availability of funding through adequate amount of committed credit facilities to ensure our Group's ability to meet its cash flow obligations.

### **8.1.5 Foreign exchange risks**

Pursuant to the Acquisitions, the GST and stamp duty are payable in AUD and to be funded by part of the proceeds from the Rights Issue of ICULS. In addition, the operating expenditure, revenue and capital expenditure, if any, in relation to the Joint Venture will be denominated in foreign currencies, such as AUD. However, our Group reports the financial results in RM. As a result, foreign currency fluctuations, in particular fluctuations of AUD, against the RM will have an impact on financial results of our Group. Any adverse movement in AUD would result in translation gain or loss and increase or reduce our Group's liability position if the banking facilities are secured from financial institutions in Australia, as the case may be, which could adversely impact our Group's overall financial position.

Although our Group will be monitoring the foreign currency risk closely on any ongoing basis to ensure that the net exposure is at an acceptable level, there could be no assurance that any significant fluctuations in AUD would not have material adverse effect on the future earnings and liability position of our Group.

#### **8.1.6 Taxation and repatriation of profits risks**

With the commencement of development and construction on the Lands, our Group as a foreign investor is expected to face numerous complex issues from local regulatory requirements, tax compliance and repatriation of profits. With all these complex issues, the management of our Company continuously exercises due care and diligence to closely monitor such regulatory developments which impacts our Group's overall business planning including tax planning to facilitate the effective repatriation and maximisation of profits for the shareholders of our Company. However, in spite of the careful business planning, there could be no assurance that future changes in the local regulatory requirements would not have any adverse effect on our Group's financial position.

Our Company has obtained a legal opinion on such matter from the legal experts in Australia and our Group will continue to engage competent professionals to provide advice to our Group on such issues and, if required, to resolve any issue arising from changes to taxation and repatriation of profits policies from time to time. However, there is no assurance that the changes in the policies of the Australia may not adversely affect our Group's ability to succeed and compete in the property investment and property development sectors.

### **8.2 Risks relating to our property investment and property development sectors**

#### **8.2.1 Political, economic and regulatory considerations**

The property market can be characterised as cyclical in nature and is somewhat correlated to the general economic conditions of Australia. Adverse developments in political, regulatory and economic conditions in Australia could materially affect the property industry in the country. Political, regulatory and economic uncertainties include changes in labour laws, interest rates, fiscal and monetary policies, risks of expropriation of land by authorities and methods of taxation.

In mitigating such risk, our Group will continue to review its business development strategies in response to the changes in political, regulatory and economic conditions of Australia. Nonetheless, no assurance can be given that any change to these factors would not have any material adverse impact on our Group's financial performance in the future.

#### **8.2.2 Competition**

Pursuant to the Acquisitions, our Group will face direct competition from both new entrants and existing players in the property investment and property development sectors. Our Group may also face disadvantages as a new entrant in the industry as it lacks the relevant track record and brand name as compared to the existing players which enjoy the privilege of their established brand name and reputation in the industry.

Our Group's competitiveness will largely depend on, amongst others, its sales and marketing strategies, product design, location of the development and its ability to price and differentiate its development to meet the needs of the target markets. However, there can be no assurance that these efforts will enable our Group to compete successfully and effectively with current and new entrants in the property investment and property development sectors.



### **8.2.3 Dependence on licensing/approval from authorities**

Regulatory approvals are one of the core risks inherent in the property investment and property development sector, particularly in respect of approvals for development orders and building plans. As at the LPD, the application for the development orders and building plans has been submitted to the City of Mandurah and pending approval from the local authority. There is no assurance that any delay in obtaining these approvals may not have an adverse impact on the timing of launching our development projects and thereby affecting our future profitability.

Our management has always worked to ensure that the entire regulatory framework is complied with. To ensure smooth implementation of our development projects, we conduct thorough studies on the nature and background of land to be acquired and ensure that we comply with procedural and documentation requirements in relation to the applications for necessary approvals. In addition, we will monitor the progress of such applications by progressively liaising with the relevant authorities.

### **8.2.4 Dependence on contractors**

The property investment and property development sector are highly dependent on the performance of the main/sub-contractors to ensure timely completion of the respective building and infrastructure works as per their contractual timeline. The performance and profitability of our development projects will also depend on the quality, pricing, performance and reliability of the main/sub-contractors appointed to carry out the development projects. There is no assurance that any unanticipated delay due to unforeseen circumstances, shortage of supplies of construction materials or labour and unsatisfactory performance of the appointed main/sub-contractors may not have an adverse effect on the operations and profitability of our Group.

Nevertheless, in order to mitigate the risks, we are stringent in the selection of contractors such that only contractors with proven track record and adequate financial resources are engaged to undertake construction works in our development projects. We also appointed contractors based on the quality of work done in the past. Moreover, we are not dependent on any single contractor as we engage the services of few contractors for the development of our projects.

### **8.2.5 Compulsory acquisition by the State Government of WA, Australia**

Under the laws of WA, the WA State Government has the power under legislation to resume or compulsorily acquire any land in WA based on the market value of the property, to achieve its role and responsibilities as its community's needs change.

Before the completion of the Acquisitions, CMEPA is protected against the compulsory acquisition by the WA State Government as the Contracts and WA legislation, pursuant to the Conveyancing Act and the Regulations to that Act, give an implied warranty from Vendors that Vendors are not aware of any proposal by the WA State Government department to resume or compulsorily acquire all or part of the Lands. If a proposal exists, CMEPA has remedies under the Contracts, including but not limited to, a right to compensation.

However, after the Acquisitions, there can be no assurance that the Lands will not be compulsorily acquired by the WA State Government in the future. If the Lands are compulsorily acquired by the WA State Government at such point in time when the market value of the Lands is lower than the purchase price (as the case may be), the compulsory acquisition could adversely affect the financial results of our Group.

### **8.3 Risks relating to the Rights Issue of ICULS**

#### **8.3.1 Investment risks**

The market price of the CME Shares will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the prospects and operating results of our Group and the future outlook of the property investment and property development sector.

The issue price and the conversion price of the Rights ICULS were arrived at, after taking into consideration, amongst others, the five (5)-day VWAMP of the CME Shares up to and including 8 May 2014, being the last practicable day immediately prior to the Announcement, of RM0.0859 per CME Share and the par value of CME Shares of RM0.10 each.

The market price of the ICULS, like all listed securities traded on Bursa Securities, being new securities to be issued by our Company is subject to, inter-alia, price discovery by investors, fluctuations in tandem with the overall outlook of the stock market in Malaysia and globally, and will be influenced by, amongst others, the market price, potential payments of dividends and volatility of the CME Shares, and the remaining conversion period of the ICULS.

Notwithstanding that, there is no assurance that the conversion price of the ICULS will be in-the-money during the tenure of the conversion period of the ICULS.

#### **8.3.2 Factors affecting the ICULS**

There is no prior market for the ICULS, and as such there is no assurance that an active market for the ICULS will develop upon its listing and quotation on the Main Market of Bursa Securities, or if developed, that such a market may not be sustained or adequately liquid during the tenure of the ICULS.

Our Board believes that a variety of factors could cause the future market price performance of the ICULS to fluctuate, including but not limited to trades of substantial amount of the ICULS on Bursa Securities in the future, fluctuation in the market price of the underlying CME Shares, announcements of corporate developments relating to our Group's business and the future financial performance of our Group.

The future price performance of the ICULS will also depend on various external factors, such as the prospects of the property investment and property development sector in which our Group operates, the economic, monetary and political conditions of Malaysia and Australia, outlook of interest rates, the investors' sentiments and liquidity in the local stock market as well as the performance of regional and world bourses.

Notwithstanding the above, it should be noted that our Group's financial performance is not dependent on the market price performance of the CME Shares and the ICULS.

#### **8.3.3 Delay or failure in the completion of the Rights Issue of ICULS**

The Rights Issue of ICULS is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

- (i) force majeure events or events/circumstances, which are beyond the control of our Group, arising prior to the completion of the Rights Issue of ICULS; or
- (ii) IMHSB, who has provided the Irrevocable Undertaking as set out in Section 4 of this Abridged Prospectus, does not fulfill or is not able to fulfill its obligation.

In the event of failure in the completion of the Rights Issue of ICULS, all application monies received pursuant to the Rights Issue of ICULS will be refunded to our Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who have subscribed for the Rights ICULS without interest.

Notwithstanding the above, our Company will exercise our best endeavour to ensure the successful implementation of the Rights Issue of ICULS. However, there can be no assurance that the abovementioned events will not cause a delay in or failure of the Rights Issue of ICULS.

#### **8.3.4 Unsecured obligations/repayment risks of the ICULS**

The ICULS shall constitute direct, unconditional and unsecured obligations of our Company and subject to the provisions contained in the Trust Deed, must at all times rank *pari passu*, without discrimination, preference or priority between themselves and must rank at least *pari passu* with all present and future direct, unconditional, unsecured and unsubordinated debts and obligations of our Company except for those which are preferred by law.

In the event of the ICULS becoming payable upon the occurrence of an event of default pursuant to the Trust Deed, the amount which is immediately due and payable by our Company to the holders of the ICULS shall be the nominal value of the outstanding ICULS. There is no assurance that the financial performance of our Group would be profitable to sustain the financial condition of our Group at a satisfactory level to make such payment to the holders of the ICULS.

Our Company will endeavour to ensure that we will comply with the provisions as set out in the Trust Deed to avoid any event of default.

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## 9. EFFECTS OF THE CORPORATE EXERCISES

### 9.1 Issued and paid-up share capital

The proforma effects of the Corporate Exercises on our Company's issued and paid-up share capital are as follows:

	Par value (RM)	Minimum Scenario		Maximum Scenario	
		No. of CME Shares	Share capital (RM)	No. of CME Shares	Share capital (RM)
<b>Authorised share capital</b>					
As at the LPD	0.10	10,000,000,000	1,000,000,000	10,000,000,000	1,000,000,000
<b>Issued and paid-up share capital</b>					
As at the LPD	0.10	441,100,000	44,110,000	441,100,000	44,110,000
To be issued pursuant to the Rights Issue of ICULS	-	-	-	-	-
	0.10	441,100,000	44,110,000	441,100,000	44,110,000
To be issued pursuant to the full conversion of the ICULS	0.10	270,000,000 <sup>(a)</sup>	27,000,000 <sup>(a)</sup>	882,200,000 <sup>(b)</sup>	88,220,000 <sup>(b)</sup>
<b>Enlarged issued and paid-up share capital</b>	<b>0.10</b>	<b>711,100,000</b>	<b>71,110,000</b>	<b>1,323,300,000</b>	<b>132,330,000</b>

Notes:

(a) Assuming that RM27,000,000 nominal value of the ICULS issued to IMHSB pursuant to the Irrevocable Undertaking and the Rights Issue of ICULS are all converted into 270,000,000 new CME Shares by surrendering RM0.10 nominal value of the ICULS for one (1) new CME Share under the Minimum Scenario.

In the event all the ICULS are converted by surrendering RM0.04 nominal value of ICULS together with cash such that in aggregate it amounts to RM0.10 for one (1) new CME Share, a total of 675,000,000 new CME Shares will be issued.

(b) Assuming that RM35,288,000 nominal value of the ICULS issued to the Entitled Shareholders pursuant to the Rights Issue of ICULS are all converted into 882,200,000 new CME Shares by surrendering RM0.04 nominal value of the ICULS together with cash such that in aggregate it amounts to RM0.10 for one (1) new CME Share under the Maximum Scenario.

In the event all the ICULS are converted by surrendering RM0.10 nominal value ICULS for one (1) new CME Share, a total of 352,880,000 new CME Shares will be issued.

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## 9.2 NA and gearing

The proforma effects of the Corporate Exercises on our Group's NA and gearing based on our Company's audited consolidated financial statements as at 31 December 2013 are as follows:

### Minimum Scenario

	Audited as at 31 December 2013 (RM'000)	(I) After the Rights Issue of ICULS (RM'000)	(II) After (I) and the Acquisitions (RM'000)	(III) After (II) and assuming full conversion of the ICULS (RM'000)
Share capital	44,110	44,110	44,110	71,110 <sup>(c)</sup>
Reserves	437	(563) <sup>(a)</sup>	(563)	(563)
ICULS – equity portion	-	27,000	27,000	-
<b>Equity attributable to shareholders of our Company</b>	<b>44,547</b>	<b>70,547</b>	<b>70,547</b>	<b>70,547</b>

No. of CME Shares in issue ('000)

NA per CME Share (RM)

Borrowings (RM'000)

Gearing (times)

No. of CME Shares in issue ('000)	441,100	441,100	441,100	711,100
NA per CME Share (RM)	0.10	0.16	0.16	0.10
Borrowings (RM'000)	10,325	10,325	17,325 <sup>(b)</sup>	17,325
Gearing (times)	0.23	0.15	0.25	0.25

#### Notes:

- After deducting the estimated expenses in relation to the Corporate Exercises from the reserves account, amounting to RM1,000,000.
- Assuming that the remaining balance of the Total Purchase Consideration plus estimated GST amounting to RM7,000,000 will be financed by bank borrowings.
- Assuming that RM27,000,000 nominal value of the ICULS issued to IMHSB pursuant to the Irrevocable Undertaking and the Rights Issue of ICULS are all converted into 270,000,000 new CME Shares by surrendering RM0.10 nominal value of ICULS for one (1) new CME Share under the Minimum Scenario.

## Maximum Scenario

	Audited as at 31 December 2013 (RM'000)	(I) After the Rights Issue of ICULS (RM'000)	(II) After (I) and the Acquisitions (RM'000)	(III) After (II) and assuming full conversion of the ICULS (RM'000)
Share capital	44,110	44,110	44,110	132,330 <sup>(b)</sup>
Reserves	437	(563) <sup>(a)</sup>	(563)	(563)
ICULS – equity portion	-	35,288	35,288	-
<b>Equity attributable to shareholders of our Company</b>	<b>44,547</b>	<b>78,835</b>	<b>78,835</b>	<b>131,767</b>

No. of CME Shares in issue ('000)

441,100

NA per CME Share (RM)

1,323,300

Borrowings (RM'000)

0.10

441,100

Gearing (times)

0.18

0.18

10,325

10,325

10,325

0.13

0.13

## Notes:

(a) After deducting the estimated expenses in relation to the Corporate Exercises from the reserves account, amounting to RM1,000,000.

(b) Assuming that RM35,288,000 nominal value of the ICULS issued to the Entitled Shareholders pursuant to the Rights Issue of ICULS are all converted into 882,200,000 new CME Shares by surrendering RM0.04 nominal value of ICULS together with cash such that in aggregate it amounts to RM0.10 for one (1) new CME Share under the Maximum Scenario.

### **9.3 Earnings and EPS**

The Corporate Exercises are not expected to have any material effect on the earnings of our Group for the FYE 2014 as the Corporate Exercises are expected to be completed by the fourth (4<sup>th</sup>) quarter of 2014.

Our Board expects the Corporate Exercises to contribute positively to the future earnings of our Group. Moving forward, our Group's future earnings would depend on, amongst others, the returns generated from the utilisation of the proceeds arising from the Rights Issue of ICULS and the proceeds from the conversion of the ICULS, if any.

On a standalone basis, the EPS of our Group may be diluted as a result of the increase in the number of CME Shares arising from the conversion of the ICULS into new CME Shares, in the event that the earnings of our Group does not increase in tandem with the increase in the number of CME Shares in issue. However, the extent of dilution to the EPS is dependent on, amongst others, the actual number of the CME Shares to be converted and the future earnings of our Group.

For illustrative purposes, assuming that the Rights Issue of ICULS and the Acquisitions were completed on 31 December 2013, the Corporate Exercises are expected to result in a decrease in earnings by RM1.00 million and a decrease in EPS by approximately 0.22 sen for the FYE 31 December 2013 after taking into account the estimated outgoings and expenses in relation to the Corporate Exercises.

## **10. INDUSTRY OVERVIEW AND OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP**

### **10.1 Overview and outlook of the global economy**

Global economic activity expanded at a moderate pace in the second quarter of 2014. Economic conditions in most advanced economies registered gradual improvements, with the recovery in the United States of America ("US") resuming after the unusual weather-related weakness in the first quarter. Growth in Japan, however, was affected by the implementation of the consumption tax increase in April. In Asia, economic activity continued to expand, albeit at a more moderate pace in most economies. Global monetary conditions remained accommodative, despite some divergence in the direction of monetary policy in the advanced economies.

Global financial market conditions improved in the second quarter, reflecting the better economic performance in most advanced economies. The financial markets, nevertheless, remained volatile, as market sentiments were affected by geopolitical tensions in Eastern Europe and the Middle East as well as the policy developments in the advanced economies. In particular, while the expectation and subsequent announcement of monetary easing measures in the euro area lifted market sentiments during the quarter, investors' confidence was weighed down by indications of an earlier-than-expected increase in interest rates in the US and United Kingdom. Most major equity indices also trended higher during the quarter. In Asia, while Japanese equities were initially affected by growth concerns following the implementation of the consumption tax increase in April, the downward trend reversed in May amid an improving inflation outlook and confidence that the government's revised growth strategy will stimulate long-term growth. The announcement of measures to liberalise China's capital markets and improvements in its economic data also supported investors' confidence in the region.

Going forward, the global economy is expected to continue on a moderate growth path. Recent improvements in economic activity suggest that a cyclical recovery remains underway in some advanced economies. This will continue to benefit international trade activity. In Asia, domestic demand is expected to remain supportive of growth. Nevertheless, country specific developments may affect the overall pace of growth in these economies. The overall balance of risks for the global economy thus remains biased towards the downside due to uncertainty over policy adjustments in the key economies as well as geopolitical developments. Persistent geopolitical tensions in Eastern Europe and the Middle East could heighten financial market volatility and weigh down on the on-going global economic recovery.

*(Source: Bank Negara Malaysia, Quarterly Bulletin, Second Quarter 2014)*

## **10.2 Overview and outlook of the Australian economy**

The Australian economy is in the midst of a major transformation, moving from growth led by investment in resources projects to broader-based drivers of activity in the non-resources sectors. This is occurring at a time when the economy has generally been growing below its trend rate and the unemployment rate has been rising. During this transition, the economy is expected to continue to grow slightly below trend and the unemployment rate is expected to rise further to 6.25% by mid-2015.

Since 2013-14 Mid-Year Economic and Fiscal Outlook (MYEFO), the near-term outlook for the household sector has improved. Leading indicators of dwelling investment are consistent with rising activity, while household consumption and retail trade outcomes have improved recently, consistent with gains in household wealth. This is partly offset by weaker business investment intentions, particularly for non-resources sectors.

Nominal GDP growth is forecast to remain weak, growing by 3% in 2014-15 and 4.75% in 2015-16. The weakness of nominal GDP growth reflects the sharp fall in prices for Australia's key commodity exports since the start of the year and a further expected decline in Australia's terms of trade. Subdued domestic price growth, in the absence of wage pressures, is also weighing on nominal GDP growth.

There are both upside and downside risks to the economic outlook. Most notably, non-resources business investment could pick up earlier and more rapidly than expected following a prolonged period of caution, while some trade-exposed sectors would benefit from a lower exchange rate, which is historically an outcome associated with a fall in the terms of trade. Conversely, the fall in resources investment is likely to be lumpy, while the associated rise in exports also has uncertain timing. International risks are more balanced than previously, although still to the downside as economies continue to deal with legacy issues from the financial crisis.

*(Source: Budget Strategy and Outlook 2014-2015, Treasury of the Commonwealth of Australia)*

## **10.3 Overview and outlook of the Western Australia property investment and property development market**

After declining in 2011-12 (-10.7%) and 2012-13 (-1.8%), dwelling investment increased by 14.6% in the first half of 2013-14 relative to the same period a year earlier. The recent pick up includes a strong lift in construction of homes for first home buyers relative to a year earlier. The lift to date in 2013-14 indicates that strong growth in demand for existing homes over the past two (2) years has begun to translate into higher levels of new dwelling investment activity.

The number of houses under construction is now at its highest level in over six (6) years. The number of homes under construction has been increasing as the rate at which construction has been commencing on new homes has exceeded the rate at which homes have been completed. This has been the case since September 2012.



In addition, current demand for new dwellings is strong, with building approvals reaching a record level of 2,749 in February 2014. Housing finance commitments for construction and newly erected dwellings increased by 21% over the year to February 2014, while first home owner grant applications for new dwellings were up 34% over the year to March 2014.

Overall, dwelling investment is projected to grow by 14% in 2013-14, with very strong growth in the construction of new housing moderated by more modest growth in spending on alterations and additions. This is well above long-run average growth of 3.7% per annum.

Dwelling investment is expected to remain strong in 2014-15, with forecast growth of 7% consistent with the recent trends in some leading indicators of demand (such as building approvals and housing finance commitments for new homes), which have started to stabilise, albeit at high levels.

*(Source: 2014-15 Budget Paper No. 3, Economic and Fiscal Outlook, The Government of Western Australia)*

#### **10.4 Prospects of the Lands**

The Lands are strategically located on the South Western intersection of Mandurah Terrace and Henson Street in Mandurah, approximately one and half (1.5) kilometres north of the Mandurah Town Centre. The City of Mandurah is a well-known tourist destination, identified for the pleasant lifestyle associated with the peel estuary and white sandy beaches. The city offers a wide range of activities from exploring vast waterways and national parks, to visiting wineries and bush walking along the forest. In more recent years, Mandurah has also established itself as a popular retirement destination with a number of retirement villages operating within the city. The estimated permanent population of the City of Mandurah is approximately 76,000.

The Lands are within walking distance of complementary shopping facilities, most notably the Sands Shopping Centre, featuring an IGA supermarket and fourteen (14) specialty stores. The Centro Mandurah Shopping Centre is located one point seven (1.7) kilometres from the Lands which features major tenants such as Woolworths, Coles, Kmart and Big W in addition to one hundred and nineteen (119) specialty stores and four (4) fast food outlets. Local public transport of bus services are available immediately adjacent to the Lands connecting with the City of Mandurah and the Mandurah Train Station within the Perth Metropolitan train network, providing access to the Perth CBD.

The Lands are located within the Mandurah Terrace Precinct Plan. This plan covers Mandurah Terrace from Peel Street to Adonis Road and the land parallel with Mandurah Terrace to Shannon Road on the coastal or north-western side and Rockford Street on the south-western side. The City of Mandurah have put this plan in place to enhance the entry into this city centre and land within this precinct plan has a variety of zonings with different residential density codes, tourism, mixed use and commercial.

The Mandurah Terrace Precinct Plan is to create a revitalised tourist precinct with a Grand Mandurah Terrace Boulevard as the centerpiece and a focus on new high quality tourist accommodation and mixed-use developments, strengthening the relationship with the seaside and marina, and improving community sense of place in rejuvenated nodes.

The Lands close proximity to several tourist destinations such as the Mandurah Ocean Marina, Dolphin Quay and Mandurah Canals is expected to create strong demand for its tourist accommodation.

In light of the above, the strength of market demand for its tourist accommodations, residential and commercial properties in Mandurah as well as the strategic location of the Lands within the city of Mandurah, our Board is of view that prospects of the Lands are positive and favourable for future developments.

## **10.5 Prospects of our Group**

Our Group is principally engaged in providing comprehensive solutions in relation to designing, manufacturing and sales of various types of specialised mobility vehicles, and fire fighting and safety vehicles. Our Group designs and builds various types of fire fighting vehicles, specialist vehicles, airport crash tenders, hazmat vehicles, fuel transfer vehicles, riot control vehicles and fire rescue equipment. Our Group of today has become an experience comprehensive solutions provider to the fire fighting industries with a reputation for delivering customised, value driven vehicle solutions that incorporate safety and reliability that comply with the highest standards.

In order to stay relevant and competitive in the market place and opening new markets, our Company had embarked on a rebranding exercise, incorporating new marketing and business strategies. The key emphasis was to highlight and enforce CME's specialised expertise and its competitive edge in both specialised mobility vehicles as well as fire fighting vehicles. With that, a series of marketing activities were aggressively carried out throughout the year. As a result, our Company has been receiving encouraging feedbacks and has begun reaping the benefits of these efforts.

During the year, CME has successfully completed and delivered its first specialised custom recovery trucks, the first for the Specialised Mobility Vehicles division. This is very encouraging as it emphasises that CME's branding has penetrated into other sectors of the automotive industry besides its traditional fire fighting vehicles. CME believe that there is a strong demand for specialise mobility vehicle with multi-purpose platforms and CME will continue expanding its capabilities in the specialised mobility vehicles beyond 2014, building upon its growing reputation of providing affordable and quality specialised vehicles for the local and international market. As at 13 October 2014, our Group managed to secure several contracts for the Specialised Mobility Vehicles division, amounting to approximately total contract value of RM18.64 million from both the government and private sectors.

In view of the rationale for the Acquisitions and our Group's land in Bandar Indera Mahkota, Kuantan, Pahang Darul Makmur as described in Section 3 of this Abridged Prospectus and prospects of the Lands as described in Section 10.4 of this Abridged Prospectus, our Group expects that the Acquisitions would contribute positively to the revenue and earnings of our Group in longer term through our venture into the property development business. Furthermore, our Board opines that our Group's venture into the property investment and property development businesses would auger well with our Group's long term growth strategy of diversifying and expanding our earning base and deliver greater value to the shareholders of our Company.

## **11. WORKING CAPITAL, BORROWINGS, MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**

### **11.1 Working capital**

Our Board is of the opinion that, after taking into account our Group's cash in hand, banking facilities available and the proceeds to be raised from the Rights Issue of ICULS, our Group will have sufficient working capital for a period of twelve (12) months from the date of issue of this Abridged Prospectus.

## 11.2 Borrowings

As at the LPD, our Group's total borrowings are as follows:

	Short-term (RM'000)	Long-term (RM'000)	Total (RM'000)
Fixed rate interest-bearing borrowings <sup>(a)</sup>	128	608	736
Variable rate interest-bearing borrowings <sup>(b)</sup>	6,508	3,036	9,544
<b>Total</b>	<b>6,636</b>	<b>3,644</b>	<b>10,280</b>

Notes:

(a) Interest rates ranging from 4.84% - 6.28% per annum.

(b) Interest rates at Base Lending Rate minus 7.75% - 8.00% per annum.

All outstanding borrowings are interest-bearing and are denominated in RM. As at the LPD, our Group does not have any foreign currency borrowings.

There has been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year and the subsequent financial period thereof, immediately preceding the LPD.

## 11.3 Material commitments and contingent liabilities

Save as disclosed below, there are no material commitments for capital expenditure contracted or known to be contracted by our Group which may have a substantial impact on the results or the financial position of our Group as at the LPD:

	Group (RM)
Balance of the purchase consideration for the Acquisition of Land 1 <sup>(a)</sup>	21,952,980
Balance of the purchase consideration for the Acquisition of Land 2 <sup>(a)</sup>	7,447,020
<b>Total</b>	<b>29,400,000</b>

Notes:

(a) Being the balance purchase consideration to be paid pursuant to the Acquisitions and will be funded by the proceeds to be raised from the Rights Issue of ICULS and our Group's internally generated funds and/or bank borrowings.

There are no contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a substantial impact on the results or the financial position of our Group as at the LPD.

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## 12. PROCEDURES FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

As you are an Entitled Shareholder on the Entitlement Date for the Rights Issue of ICULS, your CDS account(s) will be duly credited with the number of Provisional Rights ICULS which you are entitled to subscribe for under the terms and conditions of the Rights Issue of ICULS. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such number of Provisional Rights ICULS into your CDS account(s) and the RSF to enable you to subscribe for such Rights ICULS that you have been provisionally allotted, as well as apply for the Excess Rights ICULS if you wish to do so.

The Provisional Rights ICULS is renounceable in full or in part and as such, you may fully or partially renounce your rights entitlements to the Rights ICULS.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS ICULS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR PART OF YOUR RIGHTS ENTITLEMENTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED WITH THIS ABRIDGED PROSPECTUS.**

The Provisional Rights ICULS are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Rights ICULS will be by book entries through CDS accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renounee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS accounts when making applications.

### 12.1 Methods of acceptance and application

You may accept the Provisional Rights ICULS as well as apply for Excess Rights ICULS, using either of the following methods:

<u>Method of application</u>	<u>Category of Entitled Shareholders</u>
RSF <sup>(1)</sup>	All Entitled Shareholders
Electronic Application <sup>(2)</sup> or Internet Application <sup>(3)</sup>	All Entitled Shareholders
NRS	Authorised Nominee who has subscribed for NRS

Notes:

(1) *A copy of the RSF will be enclosed together with this Abridged Prospectus. The RSF is also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).*

(2) *The following surcharge per Electronic Application will be charged by the Participating Financial Institution:*

- *Public Bank Berhad – RM4.00*

(3) *The following processing fee per Internet Application will be charged by the Internet Participating Financial Institution:*

- *Public Bank Berhad ([www.pbebank.com](http://www.pbebank.com)) – RM4.00*

## 12.2 Procedures for acceptance and payment

### 12.2.1 By way of RSF

Acceptance of and payment for the Provisional Rights ICULS must be made on the RSF issued with this Abridged Prospectus and completed in accordance with the notes and instructions printed in the RSF. At the absolute discretion of our Board, we may not accept acceptances which do not strictly conform to the terms of this Abridged Prospectus or the RSF or the notes and instructions printed in these documents.

If you wish to accept all or part of the Provisional Rights ICULS, please complete Part I (A) and Part II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST or COURIER or DELIVERED BY HAND (at your own risk) to our ICULS Registrar for the Corporate Exercises at the following addresses:

ORDINARY POST  
Symphony Share Registrars Sdn Bhd  
(378993-D)  
Peti Surat 9150  
Pejabat Pos  
Kelana Jaya  
46785 Petaling Jaya

COURIER or DELIVERED BY HAND  
Symphony Share Registrars Sdn Bhd  
(378993-D)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor  
Helpdesk Tel: 03-7849 0777  
Fax: 603-7841 8151 / 8152

and should reach our ICULS Registrar not later than 5.00 p.m. on Friday, 14 November 2014, being the last date and time for acceptance and payment for the Provisional Rights ICULS, or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any reason require another copy of the RSF, you and/or your renounee(s)/transferee(s) (if applicable) may obtain additional copies from your stockbrokers, our ICULS Registrar, our Registered Office or Bursa Securities' website (<http://www.bursamalaysia.com>).

You must use one (1) RSF for the subscription of the Provisional Rights ICULS standing to the credit of one (1) CDS Account. Separate RSF must be used for the subscription of the Provisional Rights ICULS standing to the credit of different CDS Accounts. The Provisional Rights ICULS that you have subscribed for, will be credited into the respective CDS Accounts where the Provisional Rights ICULS are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our ICULS Registrar, you are advised to use one (1) reply envelope for each completed RSF.

Any fractional entitlement under the Rights Issue of ICULS shall be disregarded and the aggregate of such fractions, if any, shall be dealt with in such manner or on such terms as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company.

Each completed RSF must be accompanied by remittance in RM for the full amount payable in the form of banker's draft(s) or cashier's order(s) or money order(s) or postal order(s) drawn on a bank or post office in Malaysia and should be made payable to "CME RIGHTS ISSUE ACCOUNT", crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side(s) with your name and your CDS account number. The payment must be made in the exact amount. Any application accompanied by excess or insufficient payment or payment in the manner other than stated in this Abridged Prospectus may be rejected at the absolute discretion of our Board. Cheques or any other modes of payment will be rejected. Details of remittance must be filled in the appropriate boxes provided in the RSF.

**NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR SUBSCRIPTION MONIES IN RESPECT OF THE RIGHTS ISSUE OF ICULS. NOTICES OF ALLOTMENT WILL BE DESPATCHED TO THE SUCCESSFUL APPLICANTS BY ORDINARY POST AT THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS ICULS, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR ICULS REGISTRAR OR OUR COMPANY.**

**YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR ICULS REGISTRAR SHALL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.**

**SUBSCRIPTION OF PROVISIONAL RIGHTS ICULS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT THE SUBSCRIPTION OF PROVISIONAL RIGHTS ICULS OR TO ACCEPT IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.**

**WHERE THE SUBSCRIPTION OF PROVISIONAL RIGHTS ICULS IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE SUBSCRIPTION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED TO YOU WITHOUT INTEREST VIA CHEQUE AND SHALL BE DESPATCHED TO YOU AT YOUR OWN RISK, BY ORDINARY POST TO YOUR REGISTERED ADDRESS IN MALAYSIA AS STATED IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY OR TO THE ADDRESS IN MALAYSIA WHICH WAS PROVIDED BY YOU TO THE ICULS REGISTRAR FOR THE RECEIPT OF THE DOCUMENTS, WITHIN FIFTEEN (15) MARKET DAYS AFTER THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS ICULS.**

If the acceptance and payment for the Provisional Rights ICULS are not received by our ICULS Registrar by 5.00 p.m. on Friday, 14 November 2014 or such later date and time as may be determined and announced by our Board, your and/or your renounee(s)/transferee(s) (if applicable) provisional entitlement under the Rights Issue of ICULS will be deemed to have been declined and will be cancelled.

Such Provisional Rights ICULS not taken up will be allotted to applicants for the Excess Rights ICULS in the manner as set out in Section 12.5 of this Abridged Prospectus.

#### **12.2.2 By way of Electronic Application**

Only Malaysian individuals who are Entitled Shareholders may apply for the Rights ICULS by way of Electronic Application.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Electronic Application and the procedures set out at the ATMs of the Participating Financial Institutions before making an Electronic Application.

(i) **Steps for Electronic Applications through a Participating Financial Institution's ATM**

The procedures for Electronic Applications at the ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (“Steps”). For illustration purposes, the procedures for Electronic Applications at ATMs are set out below. The Steps set out the actions that you must take at the ATM to complete an Electronic Application. Please read carefully the terms of this Abridged Prospectus, the steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for the Rights ICULS at an ATM belonging to other Participating Financial Institutions;
- (b) You are advised to read and understand this Abridged Prospectus **BEFORE** making the application; and
- (c) You shall subscribe for the Provisional Rights ICULS via the ATM of the Participating Financial Institutions by choosing the Electronic Application option. Mandatory statements required in the application are as set out in “**Terms and conditions for Electronic Applications**” (please refer to Section 12.2.2(iii) below). You shall enter at least the following information through the ATM when the instructions on the ATM screen requires you to do so:
- Personal Identification Number (“PIN”);
  - CME Rights Issue Account;
  - CDS account number;
  - Number of Rights ICULS applied for and/or the RM amount to be debited from the account;
  - Current contact number (for e.g. your mobile phone number); and
  - Confirmation of several mandatory statements.

Upon the completion of your Electronic Application transaction, you will receive a computer-generated transaction slip (“**Transaction Record**”), confirming the details of your Electronic 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 Application or any data relating to such an Electronic Application by our Company or the ICULS Registrar. The Transaction Record is for your record and is not required to be submitted with your application.

**YOU ARE NOT REQUIRED TO SUBMIT THE RSF AND TRANSACTION RECORD TO THE ICULS REGISTRAR FOR ELECTRONIC APPLICATION AT THE ATMS OF THE PARTICIPATING FINANCIAL INSTITUTIONS. AS SUCH, THE STAMP DUTY OF RM10.00 REQUIRED FOR THE RSF IS WAIVED.**

**(ii) Participating Financial Institutions**

Electronic Applications may be made through an ATM of the following Participating Financial Institution and its branches within Malaysia:

- Public Bank Berhad

**(iii) Terms and conditions of Electronic Applications**

The Electronic Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Participating Financial Institutions and those appearing herein:

- (a) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:
- (i) You have attained eighteen (18) years of age as at the last day for application and payment for the Provisional Rights ICULS;
  - (ii) You have read the relevant Abridged Prospectus and understood and agreed with the terms and conditions of the subscription of the Provisional Rights ICULS; and
  - (iii) You hereby give consent to our Company, Bursa Depository, our ICULS Registrar, the relevant Participating Financial Institution, their respective agents and any third party involved in facilitating the subscription and refund of payment for the Provisional Rights ICULS, to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the relevant authorities and any person as may be necessary or expedient to facilitate the making of the subscription and refund of payment for the Provisional Rights ICULS.

Your subscription for the Provisional Rights ICULS will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institution. By doing so, you shall have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 134 of the FSA and Section 45(1)(a) of the SICDA, to the disclosures as described above.

- (c) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Application, failing which your Electronic Application will not be completed. Any Electronic Application, which does not strictly conform to the instructions set out on the screen of the ATM through which the Electronic Application is being made, will be rejected.



- (d) You agree and undertake to subscribe for or purchase and to accept the number of Provisional Rights ICULS applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Provisional Rights ICULS applied for shall signify, and shall be treated as, your acceptance of the number of Provisional Rights ICULS that may be allotted to you.

Should you encounter any problems in your Electronic Application, please refer to the Participating Financial Institutions.

- (e) By making and completing your Electronic Application, you, if successful, requests and authorises our Company to credit the Provisional Rights ICULS allotted to you into your CDS account.
- (f) You acknowledge that your Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our ICULS Registrar, the Participating Financial Institution or Bursa Depository and irrevocably agrees that if:
- (i) our Company, our ICULS Registrar or Bursa Depository does not receive your Electronic Application; or
  - (ii) data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our ICULS Registrar or Bursa Depository,

you shall be deemed not to have made an Electronic Application and you shall not make any claim whatsoever against our Company, our ICULS Registrar, the Participating Financial Institution or Bursa Depository for the Provisional Rights ICULS applied for or for any compensation, loss or damage relating to the application for the Provisional Rights ICULS.

- (g) All of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institution at the time you make your Electronic Application shall be true and correct, and our Company, our ICULS Registrar, the relevant Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (h) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.

- (i) By making and completing an Electronic Application, you agree that:
- (i) in consideration of our Company agreeing to allow and accept your subscription for the Provisional Rights ICULS via the Electronic Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Application is irrevocable and cannot be subsequently withdrawn;
  - (ii) our Company, the Participating Financial Institutions, Bursa Depository and our ICULS Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
  - (iii) notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the Provisional Rights ICULS for which your Electronic Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights ICULS; and
  - (iv) in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Electronic 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 you irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (j) Our ICULS Registrar, on the authority of our Company, reserves the right to reject your subscription for the Provisional Rights ICULS which do not conform to these instructions.
- (k) Notification on the outcome of your subscription for the Provisional Rights ICULS will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
- (i) successful subscription – a notice of allotment will be despatched within eight (8) Market Days after the last day for acceptance and payment for the Provisional Rights ICULS; or
  - (ii) unsuccessful/partially successful subscription – the full amount or the surplus subscription monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Provisional Rights ICULS.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 12.2.2(iii) of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

### 12.2.3 By way of Internet Application

All Entitled Shareholders may apply for the Provisional Rights ICULS by way of Internet Application. However, the subscription must be made within Malaysia.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Internet Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institution before making an Internet Application.

#### (i) Step 1: Set up of account

Before you subscribe for the Provisional Rights ICULS by way of Internet Application, you **must have all** of the following:

- (a) an existing account with access to internet financial services with **Public Bank Berhad** at <http://www.pbebank.com>. Accordingly, you will need to have your user identification and PIN/password for the internet financial services facility; and
- (b) a CDS account held in your name.

#### (ii) Step 2: Read the Abridged Prospectus

You are advised to read and understand this Abridged Prospectus **BEFORE** making you subscribe for the Provisional Rights ICULS.

#### (iii) Step 3: Apply through the Internet

While we will attempt to provide you with assistance in your subscription for the Provisional Rights ICULS through Internet Applications, please note that the actual steps for Internet Applications through the internet financial services website of a particular Internet Participating Financial Institution may differ from the steps outlined below. The possible steps set out below are purely for illustration purposes only.

- (a) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have a bank account;
- (b) Log in to the internet financial services facility by entering your user identification and PIN/password;
- (c) Navigate to the section of the website on applications in respect of the Rights ICULS;

- (d) Select the counter in respect of the Rights ICULS to launch the terms and conditions of the Internet Application;
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (f) At the next screen, complete the online application form;
- (g) Check that the information contained in your online application form, such as the share counter (in this case, “**CME Rights Issue Account**”), your NRIC number, your current contact number (for e.g. your mobile phone number), your CDS account number, number of Rights ICULS applied for and the account number to debit are correct. Then select the designated hyperlink on the screen to confirm and submit the online application form.
- (h) As soon as the transaction is completed, a message from the Authorised Financial Institution (as defined below) pertaining to the payment status will appear on the screen of the website through which the online payment for the Provisional Rights ICULS is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Application has been completed, via the Confirmation Screen on its website; and
- (i) You are advised to print out the Confirmation Screen for your reference and record.

**YOU ARE NOT REQUIRED TO SUBMIT THE RSF AND CONFIRMATION SCREEN PRINTOUT TO THE ICULS REGISTRAR FOR ELECTRONIC APPLICATION THROUGH INTERNET APPLICATION. AS SUCH, THE STAMP DUTY OF RM10.00 REQUIRED FOR THE RSF IS WAIVED.**

**(iv) Terms and conditions of Internet Applications**

The Internet Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Internet Participating Financial Institutions and those appearing herein:

- (a) After selecting the designated hyperlink on the screen, you are required to confirm and undertake that the following information given are true and correct:
  - (i) You have attained eighteen (18) years of age as at the last day for application and payment for the Provisional Rights ICULS;
  - (ii) You have, prior to making the Internet Application, received and/or have had access to a printed/electronic copy of this Abridged Prospectus, the contents of which you have read and understood;
  - (iii) You agree to all the terms and conditions of the Internet Application as set out in this Abridged Prospectus and have carefully considered the risk factors set out in this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the Internet Application;

- (iv) You authorise the financial institution with which you have a bank account to deduct the full amount payable for the Rights ICULS, (including the processing fee as mentioned in Section 12.1 (*Note 3*) of this Abridged Prospectus) from your bank account with the said financial institution (“**Authorised Financial Institution**”); and
- (v) You hereby give consent in accordance with the relevant laws of Malaysia (including Section 134 of the FSA and Section 45(1)(a) of the SICDA) for the disclosure by our Company, Bursa Depository, our ICULS Registrar, the relevant Internet Participating Financial Institution, their respective agents and any third party involved in facilitating the subscription and refund, of information pertaining to yourself, the Internet Application made by you, your account with the Internet Participating Financial Institution and/or the Authorised Financial Institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the subscription and refund.
- (b) You confirm that you are not subscribing for the Provisional Rights ICULS as a nominee of any other person and that the Internet Application is made in your own name, as beneficial owner and subject to the risks referred to in this Abridged Prospectus.
- (c) You agree and undertake to subscribe for or purchase and to accept the number of Provisional Rights ICULS applied for as stated on the Confirmation Screen in respect of your Internet Application. Your confirmation of the number of Provisional Rights ICULS applied for shall signify, and shall be treated as, your acceptance of the number of Provisional Rights ICULS that may be allotted to you.  
  
Should you encounter any problems in your Internet Application, please refer to the Internet Participating Financial Institutions.
- (d) By making and completing your Internet Application, you, if successful, requests and authorises our Company to credit the Rights ICULS allotted to you into your CDS account.
- (e) You acknowledge that your Internet Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our ICULS Registrar, the Internet Participating Financial Institution or Bursa Depository and irrevocably agrees that if:
  - (i) Our Company, our ICULS Registrar or Bursa Depository does not receive your Internet Application; or

- (ii) Data relating to your Internet Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our ICULS Registrar or Bursa Depository,

you shall be deemed not to have made an Internet Application and you shall not make any claim whatsoever against our Company, our ICULS Registrar, the Internet Participating Financial Institution or Bursa Depository for the Provisional Rights ICULS applied for or for any compensation, loss or damage relating to the application for the Provisional Rights ICULS.

- (f) All of your particulars, including your nationality and place of residence, in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Application shall be true and correct, and our Company, our ICULS Registrar, the relevant Internet Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (g) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (h) By making and completing an Internet Application, you agree that:
  - (i) In consideration of our Company agreeing to allow and accept your subscription for the Provisional Rights ICULS via the Internet Application facility established by the Internet Participating Financial Institutions at their respective internet financial services website, your Internet Application is irrevocable and cannot be subsequently withdrawn;
  - (ii) Our Company, the Internet Participating Financial Institutions, Bursa Depository and our ICULS Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Internet Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
  - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the subscription of the Provisional Rights ICULS for which your Internet Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights ICULS; and

- (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Internet 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 you irrevocably submit to the jurisdiction of the Courts of Malaysia.
  
- (i) Our ICULS Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
  
- (j) Notification on the outcome of your subscription for the Provisional Rights ICULS will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
  - (i) successful subscription – a notice of allotment will be despatched within eight (8) Market Days after the last day for application and payment for the Provisional Rights ICULS; or
  
  - (ii) unsuccessful/partially successful subscription – the full amount or the surplus subscription monies, as the case may be, will be refunded without interest within fifteen (15) Market Days after the last day for acceptance and payment for the Provisional Rights ICULS.

The refund will be credited directly into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in Section 12.2.3(iv) of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.
  
- (k) A surcharge is imposed on each Internet Application which will be charged by the respective Internet Participating Financial Institutions as mentioned in Section 12.1 (*Note 3*) of this Abridged Prospectus.

- (l) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Rights Issue of ICULS, all information relating to you 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 Application services or if such disclosure is requested or required in connection with the Rights Issue of ICULS. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Application services.

#### **12.2.4 By way of NRS**

Our Company has appointed Bursa Depository to provide NRS to our shareholders who are Authorised Nominees. Only our Entitled Shareholders who are Authorised Nominees and who have subscribed for NRS with Bursa Depository may subscribe for the Provisional Rights ICULS via NRS.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for application via NRS and Bursa Depository's terms and conditions for NRS and user guide for NRS (which are made available to all Authorised Nominees who have subscribed for NRS with Bursa Depository) before making the application.

##### **(i) Steps for subscription of the Provisional Rights ICULS via NRS**

- (a) If you are an Entitled Shareholder, and who is an Authorised Nominee who has subscribed for NRS with Bursa Depository, you will not be receiving this Abridged Prospectus, the RSF nor the NPA by post.
- (b) Instead, this Abridged Prospectus and a Rights Issue Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository's user guide for NRS, on the next business day after the Entitlement Date.
- (c) A notification of the delivery of this Abridged Prospectus and the Rights Issue Entitlement File will also be sent to you via email using the details you have provided to Bursa Depository when you subscribed for NRS with Bursa Depository.
- (d) You are advised to read carefully, understand and follow the terms of this Abridged Prospectus, **BEFORE** subscribing for the Provisional Rights ICULS.
- (e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights Issue of ICULS.
- (f) To subscribe for the Provisional Rights ICULS, you will be required to submit your subscription information via a Rights ICULS Subscription File which is to be prepared based on the format as set out in Bursa Depository's user guide for NRS.



- (g) Once completed, you will need to submit the Rights ICULS Subscription File to Bursa Depository at any time daily before 5.00 p.m., but in any event no later than the last day and time for acceptance and payment.
- (h) Together with the Rights ICULS Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:
- (i) Confirmation that you have, prior to making the application via NRS, received and/or had access to the electronic copy of this Abridged Prospectus, the contents of which you have read, understood and agreed; and
  - (ii) Consent to the disclosure of your information to facilitate electronic refunds where applicable.
- (i) With regards to payment for the Provisional Rights ICULS which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:

Bank : **RHB BANK BERHAD**  
Account Name : **CME RIGHTS ISSUE ACCOUNT**  
Bank Account No. : **21412900268959**

prior to submitting the Rights ICULS Subscription File to Bursa Depository.

- (j) Upon completion of the transfer/payment, you may receive a transaction slip (“**Transaction Record**”) from the transacting financial institution confirming the details of your transfer/payment. The Transaction Record is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by our Company or Bursa Depository. The Transaction Record is for your record and is not required to be submitted with your application via NRS.
- (k) You will be notified on the outcome of your application for the Rights ICULS electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
- (i) successful subscription – an electronic notification will be sent to you within eight (8) Market Days after the last day for application and payment for the Provisional Rights ICULS; or
  - (ii) unsuccessful/partially successful subscription – the full amount or the surplus subscription monies, as the case may be, will be refunded without interest within fifteen (15) Market Days after the last day for acceptance and payment for the Provisional Rights ICULS.

The refund will be credited directly into your bank account(s) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 12.2.4(ii) of this Abridged Prospectus and the required consent in making the subscription for the Provisional Rights ICULS via NRS.

If the crediting of the refund into your bank account(s) (as provided by you in the Rights ICULS Subscription File) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

- (l) Upon crediting of the Rights ICULS allotted to you into your CDS account(s), you will also receive an electronic confirmation of the crediting from Bursa Depository.
  - (m) You should note that all subscription made for the Provisional Rights ICULS submitted under NRS will be irrevocable upon submission of the Rights ICULS Subscription File to Bursa Depository and cannot be subsequently withdrawn.
- (ii) **Terms and Conditions for the subscription for the Provisional Rights ICULS via NRS**

The subscription for the Provisional Rights ICULS via NRS shall be made on, and subject to, the terms of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and Bursa Depository's user guide for NRS as well as the terms and conditions appearing herein:

- (a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 134 of the FSA and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our ICULS Registrar, the relevant financial institution, their respective agents and any third party involved in facilitating the payment of refunds to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refunds or for any other purpose in connection with such payments. You will be required to provide confirmation of your consent in the manner prescribed in Bursa Depository's terms and conditions for NRS.
- (b) You agree and undertake to subscribe for or purchase and to accept the number of Provisional Rights ICULS applied for as stated on your Rights ICULS Subscription File in respect of your subscription for the Provisional Rights ICULS via NRS. Your subscription shall signify, and shall be treated as, your acceptance of the number of Rights ICULS that may be allotted to you.
- (c) You acknowledge that by completing and submitting the Rights ICULS Subscription File to Bursa Depository, you, if successful, requests and authorises our Company to credit the Rights ICULS allotted to you into the respective CDS account(s) as indicated in the Rights ICULS Subscription File.

- (d) You acknowledge that your subscription for the Provisional Rights ICULS via NRS is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our ICULS Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if
- (i) our Company, our ICULS Registrar or Bursa Depository does not receive your subscription for the Provisional Rights ICULS via NRS; or
  - (ii) the data relating to your subscription for the Provisional Rights ICULS via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our ICULS Registrar or Bursa Depository,
- you shall be deemed not to have made your subscription for the Provisional Rights ICULS and you shall not make any claim whatsoever against our Company, Bursa Depository, our ICULS Registrar or the relevant financial institution for the subscription for the Provisional Rights ICULS for any compensation, loss or damage relating to the subscription for the Provisional Rights ICULS.
- (e) By completing and submitting the Rights ICULS Subscription File to Bursa Depository, you agree that:
- (i) In consideration of our Company agreeing to allow and accept your application for the Rights ICULS via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;
  - (ii) Our Company, the relevant financial institutions, Bursa Depository and our ICULS Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
  - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the Rights ICULS issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights ICULS; and
  - (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to with the contract between the parties and/or the subscription for the Provisional Rights ICULS via NRS 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 you irrevocably submit to the jurisdiction of the Courts of Malaysia.

- (f) Our ICULS Registrar and Bursa Depository, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

### **12.3 Procedures for part acceptance**

If you do not wish to accept the Provisional Rights ICULS in full, you are entitled to accept part of your entitlement for the Rights Issue of ICULS. The minimum number of the Provisional Rights ICULS that can be accepted is one (1) Rights ICULS. You should take note that a trading board lot comprises one hundred (100) Rights ICULS.

#### **12.3.1 By way of RSF**

You must complete both Part I (A) of the RSF by specifying the number of the Rights ICULS which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our ICULS Registrar in the manner set out in Section 12.2.1 of this Abridged Prospectus.

**YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.**

#### **12.3.2 By way of Electronic Application**

If you are an individual who is an Entitled Shareholder and wish to accept part of your Provisional Rights ICULS via Electronic Application, you may do so by following the same steps as set out in Section 12.2.2 of this Abridged Prospectus.

#### **12.3.3 By way of Internet Application**

If you are an Entitled Shareholder and wish to accept part of your Provisional Rights ICULS via Internet Application, you may do so by following the same steps as set out in Section 12.2.3 of this Abridged Prospectus.

#### **12.3.4 By way of NRS**

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and wish to accept part of your Provisional Rights ICULS, you may do so by following the same steps as set out in Section 12.2.4 of this Abridged Prospectus.

The portion of the Provisional Rights ICULS that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the Provisional Rights ICULS.

### **12.4 Procedures for sale/transfer of the Provisional Rights ICULS**

The Provisional Rights ICULS is renounceable. If you wish to sell or transfer all or part of your Provisional Rights ICULS to one (1) or more persons, you may do so through your stockbroker without first having to request for a split of the Provisional Rights ICULS standing to the credit of your CDS account(s). To sell or transfer all or part of your entitlement to the Provisional Rights ICULS, you may sell such entitlement in the open market or transfer such provisional allotments to such person(s) as may be allowed pursuant to the Rules of Bursa Depository.

In selling or transferring all or part of your Provisional Rights ICULS, you need not deliver the RSF or any document to the stockbroker. **You are however advised to read and adhere to the RSF and the notes and instructions contained in the RSF as well as ensure that there is sufficient Provisional Rights ICULS standing to the credit of your CDS account(s) before selling or transferring.**

Renouncee(s)/transferee(s) of the Provisional Rights ICULS may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers, our ICULS Registrar, our Registered Office or Bursa Securities' website (<http://www.bursamalaysia.com>).

If you have sold or transferred only part of the Provisional Rights ICULS, you may still accept the balance of the Provisional Rights ICULS by using the procedures described in Section 12.2 of this Abridged Prospectus.

If you sell or transfer your Provisional Rights ICULS, you will automatically be selling or transferring your entitlements to your Rights ICULS.

## **12.5 Procedures for Excess Rights ICULS**

If you are an Entitled Shareholder, you and/or your renouncee(s)/transferee(s) (if applicable) may apply for Excess Rights ICULS in addition to your Provisional Rights ICULS.

It is the intention of our Board to allot the Excess Rights ICULS, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have applied for the Excess Rights ICULS in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, after the occurrence of (i) above, for allocation to the Entitled Shareholders who have applied for the Excess Rights ICULS on a pro-rata basis and in board lot, computed based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, after the occurrence of (i) and (ii) above, for allocation to the Entitled Shareholders who have applied for the Excess Rights ICULS on a pro-rata basis and in board lot, computed based on the quantum of their respective Excess Rights ICULS application; and
- (iv) lastly, after the occurrence of (i), (ii) and (iii) above, for allocation to the renouncee(s)/transferee(s) (if applicable) who have applied for the Excess Rights ICULS on a pro-rata basis and in board lot, computed based on the quantum of their respective Excess Rights ICULS application.

In the event of an under subscription by the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), even after all Excess Rights ICULS applications have been taken into consideration, the remaining unsubscribed Rights ICULS will be subscribed by a certain shareholder as set out in Section 4 of this Abridged Prospectus.

Nevertheless, our Board reserves the right to allot any Excess Rights ICULS applied for in such manner as it deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis.

### 12.5.1 By way of RSF

If you wish to apply for Excess Rights ICULS in excess of your entitlement, you should complete Part I (B) – application for Excess Rights ICULS of the RSF (in addition to Part I (A) and Part II) and forward it together with a separate remittance for the full amount payable in respect of the Excess Rights ICULS applied for, to our ICULS Registrar not later than 5.00 p.m. on Friday, 14 November 2014, being the last date and time for acceptance and payment or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

Payment for the Excess Rights ICULS should be made in the same manner as described in Section 12.2.1 of this Abridged Prospectus, with remittance in the form of banker's draft(s) or cashier's order(s) or money order(s) or postal order(s) drawn on a bank or post office in Malaysia and crossed "ACCOUNT PAYEE ONLY" and made payable to "CME EXCESS RIGHTS ISSUE ACCOUNT" for the Excess Rights ICULS and endorsed on the reverse side(s) with your name and your CDS account number.

Our Board reserves the right to allot the Excess Rights ICULS, if any, applied for under Part I (B) of the RSF on a fair and equitable basis as they deem fit and expedient in the best interest of our Company. Our Board reserves the right to accept any Excess Rights ICULS application in part only, without assigning any reason thereto.

**NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR SUBSCRIPTION MONIES IN RESPECT OF THE EXCESS RIGHTS ICULS. NOTICES OF ALLOTMENT WILL BE DESPATCHED TO THE SUCCESSFUL APPLICANTS BY ORDINARY POST AT THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS ICULS, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS ICULS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS MONIES (AS THE CASE MAY BE) WILL BE REFUNDED WITHOUT INTEREST WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS ICULS. IF YOU HAVE PROVIDED YOUR BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY FOR PURPOSES OF CASH DIVIDEND/ DISTRIBUTION, THE REFUND WILL BE CREDITED INTO THE BANK ACCOUNT. IF THE CREDITING OF THE REFUND IS UNSUCCESSFUL, THE REFUND WILL THEN BE MADE VIA CHEQUE AND DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT YOUR OWN RISK.**

### 12.5.2 By way of Electronic Application

If you are a Malaysian individual who is an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any Provisional Rights ICULS, and wish to apply for additional Rights ICULS via Electronic Application in excess of your entitlement, you may do so by following the same steps as set out in Section 12.2.2 of this Abridged Prospectus save and except that you shall proceed with the option for Excess Rights ICULS application and the amount payable to be directed to "CME EXCESS RIGHTS ISSUE ACCOUNT" for the Excess Rights ICULS applied.

The Electronic Application for Excess Rights ICULS shall be made on, and subject to, the same terms and conditions appearing in Section 12.2.2 of this Abridged Prospectus, as well as the terms and conditions as stated below:

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights ICULS applied for as stated on the Transaction Record or any lesser number of Excess Rights ICULS that may be allotted to you in respect of your Electronic Application. In the event that our Company decides to allot any lesser number of such Excess Rights ICULS or not to allot any Excess Rights ICULS to you, you agree to accept any such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Excess Rights ICULS applied for shall signify, and shall be treated as, your acceptance of the number of Excess Rights ICULS that may be allotted to you.
- (ii) Our ICULS Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) Notification on the outcome of your subscription for the Excess Rights ICULS will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
  - (a) successful subscription – a notice of allotment will be despatched within eight (8) Market Days after the last day for acceptance and payment for the Excess Rights ICULS; or
  - (b) unsuccessful/partially successful subscription – the full amount or the surplus subscription monies, as the case may be, will be refunded without interest within fifteen (15) Market Days after the last day for acceptance and payment for the Excess Rights ICULS.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 12.2.2 (iii) of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

### **12.5.3 By way of Internet Application**

If you are an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any Provisional Rights ICULS, and wish to apply for additional Rights ICULS via Internet Application in excess of your entitlement, you may do so by following the same steps as set out in Section 12.2.3 of this Abridged Prospectus save and except that you shall proceed with the option for Excess Rights ICULS application and the amount payable to be directed to "CME EXCESS RIGHTS ISSUE ACCOUNT" for the Excess Rights ICULS applied.

The Internet Application for Excess Rights ICULS shall be made on, and subject to, the same terms and conditions appearing in Section 12.2.3 (iv) of this Abridged Prospectus, as well as the terms and conditions as stated below:

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights ICULS applied for as stated on the Confirmation Screen or any lesser number of Excess Rights ICULS that may be allotted to you in respect of your Internet Application. In the event that our Company decides to allot any lesser number of such Excess Rights ICULS or not to allot any Excess Rights ICULS to you, you agree to accept any such decision as final. If your Internet Application is successful, your confirmation (by your action of clicking the designated hyperlink on the relevant screen of the website) of the number of Excess Rights ICULS applied for shall signify, and shall be treated as, your acceptance of the number of Excess Rights ICULS that may be allotted to you.
- (ii) Our ICULS Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) Notification on the outcome of your subscription for the Excess Rights ICULS will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
  - (a) successful subscription – a notice of allotment will be despatched within eight (8) Market Days after the last day for acceptance and payment for the Excess Rights ICULS; or
  - (b) unsuccessful/partially successful subscription – the full amount or the surplus subscription monies, as the case may be, will be refunded without interest within fifteen (15) Market Days after the last day for acceptance and payment for the Excess Rights ICULS.

The refund will be credited directly into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in Section 12.2.3 (iv) of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

#### **12.5.4 By way of NRS**

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any Provisional Rights ICULS, and wish to apply for additional Rights ICULS via NRS in excess of your entitlement, you may do so by following the same steps as set out in Section 12.2.4 of this Abridged Prospectus save and except for the amount payable to be directed to our bank account, the details of which are as follows:

Bank : **RHB BANK BERHAD**  
Account Name : **CME EXCESS RIGHTS ISSUE ACCOUNT**  
Bank Account No. : **21412900269823**



for the Excess Rights ICULS applied and also that you should complete the details for excess rights application at the designated fields for excess applications in the Rights ICULS Subscription File.

The application for Excess Rights ICULS via NRS shall be made on, and subject to, the same terms and conditions appearing in Section 12.2.4 of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and user guide for NRS (which are made available to all Authorised Nominees who wish to register for NRS), as well as the terms and conditions as stated below:

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights ICULS applied for as stated on the Rights ICULS Subscription File or any lesser number of Excess Rights ICULS that may be allotted to you in respect of your application via NRS. In the event that our Company decides to allot any lesser number of such Excess Rights ICULS or not to allot any Excess Rights ICULS to you, you agree to accept any such decision as final. If your application via NRS is successful, your submission of the Rights ICULS Subscription File to Bursa Depository shall signify, and shall be treated as, your acceptance of the number of Excess Rights ICULS that may be allotted to you.
- (ii) Our ICULS Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) You will be notified on the outcome of your subscription for the Excess Rights ICULS electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
  - (a) successful subscription – an electronic notification will be sent to you within eight (8) Market Days after the last day for acceptance and payment for the Excess Rights ICULS; or
  - (b) unsuccessful/partially successful subscription – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days after the last day for application and payment for the Excess Rights ICULS.

The refund will be credited directly into your bank account(s) (as provided by you in the Rights ICULS Subscription File) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 12.2.4 (ii) of this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

#### **12.6 Procedures to be followed by renounee(s)/transferee(s)**

A renounee/transferee who wishes to apply for the Provisional Rights ICULS or the Excess Rights ICULS may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers, our ICULS Registrar for the Corporate Exercises, our Registered Office or Bursa Securities' website (<http://www.bursamalaysia.com>).

The procedures and payment for the acceptance of the Provisional Rights ICULS and the Excess Rights ICULS by the renounee(s)/transferee(s) are the same as those applicable to you as described in Sections 12.2 and 12.5, respectively, of this Abridged Prospectus.

**RENOUNCEES/TRANSFEREES ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.**

#### **12.7 Form of issuance**

Bursa Securities has already prescribed the securities of our Company listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, all dealings in respect of the Rights ICULS are subject to the SICDA and the Rules of Bursa Depository. You must have a CDS account in order to subscribe for the Rights ICULS.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS account number may result in the application being rejected.

No physical share and ICULS certificates will be issued. The Rights ICULS will be credited directly into your CDS account(s) and the notice of allotment will be despatched by ordinary post at your address shown in the Record of Depositors of Bursa Depository at your own risk within eight (8) Market Days from the last date for acceptance and payment for the Provisional Rights ICULS.

#### **12.8 Laws of foreign jurisdictions**

The Documents have not been (and will not be) made to comply with the laws of any foreign jurisdiction, and have not been (and will not be) lodged, registered or approved under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any foreign jurisdiction, and the Rights Issue of ICULS will not be made or offered in any foreign jurisdiction. The Documents will not be sent to shareholders without an address in Malaysia.

Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) may accept or renounce (as the case may be) all or part of their entitlements and exercise any other rights in respect of the Rights Issue of ICULS only to the extent that it would be lawful to do so. Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable), shall be solely responsible to seek advice as to the laws of the jurisdictions to which they are or may be subjected to. PIVB, our Company, our Board and our officers and other experts shall not accept any responsibility or liability in the event that any acceptance and/or renunciation made by any foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable), is or shall become illegal, unenforceable, voidable or void in any such jurisdiction.

Further, foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in the foreign jurisdictions and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) for any issue, transfer or any other taxes or other requisite payments as such person may be required to pay. They will have no claims whatsoever against PIVB, our Company, our Board and our officers and other experts in respect of their rights or entitlements under the Rights Issue of ICULS.

Such foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue of ICULS.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any foreign jurisdiction. If the Documents are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he or she must not seek to accept the offer unless he or she has complied with and observed the laws of the relevant jurisdiction in connection therewith.

Any person who does forward the Documents to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and our Company reserves the right to reject a purported acceptance of the Rights ICULS from any such application by foreign Entitled Shareholder and/or his renounee(s)/transferee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights ICULS as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements in Malaysia or other jurisdictions.

By signing any of the forms accompanying this Abridged Prospectus, the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) PIVB, our Company, our Board and our officers and other experts that:

- (i) we would not, by acting on the acceptance and/or renunciation in connection with the Rights Issue of ICULS, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholder and/or his renounee(s)/transferee(s) (if applicable) is or may be subjected to;
- (ii) the foreign Entitled Shareholder and/or his renounee(s)/transferee(s) (if applicable) has complied with the laws to which the foreign Entitled Shareholder and/or his renounee(s)/transferee(s) (if applicable) is or may be subjected to in connection with the acceptance and/or renunciation;
- (iii) the foreign Entitled Shareholder and/or his renounee(s)/transferee(s) (if applicable) is not a nominee or agent of a person in respect of whom we would, by acting on the acceptance and/or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subjected to;
- (iv) the foreign Entitled Shareholder and/or his renounee(s)/transferee(s) (if applicable) is aware that the Rights ICULS can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholder and/or his renounee(s)/transferee(s) (if applicable) has received a copy of this Abridged Prospectus and has had access to such financial and other information and has been afforded the opportunity to ask such questions to the representatives of our Company and receive answers thereto as the foreign Entitled Shareholder and/or his renounee(s)/transferee(s) (if applicable) deems necessary in connection with the foreign Entitled Shareholder's and/or his renounee's/transferee's (if applicable) decision to subscribe for or purchase the Rights ICULS; and
- (vi) the foreign Entitled Shareholder and/or his renounee(s)/transferee(s) (if applicable) has sufficient knowledge and experience in financial business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights ICULS, and is and will be able, and is prepared to bear the economic and financial risks of investing in and holding the Rights ICULS

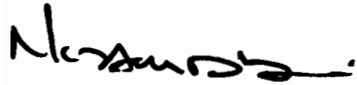
### 13. TERMS AND CONDITIONS

The issuance of the Rights ICULS under the Rights Issue of ICULS is governed by the terms and conditions as set out in the Documents.

**14. ADDITIONAL INFORMATION**

You are requested to refer to the attached appendices for additional information.

Yours faithfully,  
for and on behalf of our Board  
**CME GROUP BERHAD**



**Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin**  
Executive Director

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CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE OF ICULS PASSED AT OUR EGM ON 14 OCTOBER 2014

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## **CME GROUP BERHAD**

(Company No. 52235-K)  
Incorporated in Malaysia

### **Certified Extract of Resolution Passed at an Extraordinary General Meeting of the Company, which was held on 14 October 2014.**

#### ORDINARY RESOLUTION 4

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO RM35,288,000 NOMINAL VALUE OF TEN (10)-YEAR, ZERO COUPON IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (“ICULS”) AT 100% OF THE NOMINAL VALUE OF RM0.04 EACH (“RIGHTS ICULS”) ON THE BASIS OF RM0.08 NOMINAL VALUE OF THE ICULS FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.10 EACH IN CME (“CME SHARE(S)”) HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER, BASED ON A MINIMUM SUBSCRIPTION LEVEL OF RM27,000,000 NOMINAL VALUE OF THE RIGHTS ICULS (“PROPOSED RIGHTS ISSUE OF ICULS”)**

**“THAT**, subject to the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 5, Special Resolution 1 and the approvals of all relevant authorities including the Securities Commission Malaysia for the approval for the issuance of the ICULS, the approval-in-principle of Bursa Malaysia Securities Berhad (**“Bursa Securities”**) for the admission of the ICULS to the Official List of Main Market of Bursa Securities and the listing of and quotation for the ICULS and the new CME Shares arising from the full conversion of the ICULS pursuant to this Resolution, approval be and is hereby given to the Directors of the Company to:

- (i) provisionally allot and issue by way of renounceable rights issue of up to RM35,288,000 nominal value of Rights ICULS at an issue price at 100% of the nominal value of RM0.04 per Rights ICULS on the basis of RM0.08 nominal value of Rights ICULS for every one (1) existing CME Share held on an entitlement date to be determined and announced later, to disregard fractional entitlements under the Proposed Rights Issue of ICULS and to deal with the aggregate of such fractions as the Directors of the Company may at their absolute discretion deem fit and expedient and in the best interest of the Company and to deal with the excess Rights ICULS not subscribed by the other entitled shareholders in the manner as detailed in Section 2.3.1 of the Circular to shareholders of CME dated 23 September 2014 (**“Circular”**),

**CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE OF ICULS PASSED AT OUR EGM ON 14 OCTOBER 2014 (Cont'd)**

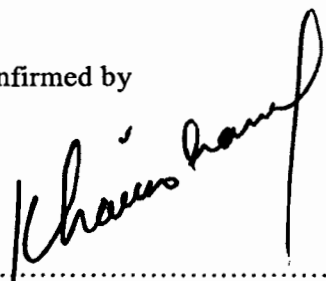
**AND THAT** the Rights ICULS so allotted and issued to the shareholders shall rank *pari passu* in all respects with the then all other unsubordinated and unsecured obligations of the Company subject only to those preferred by mandatory provisions of law;

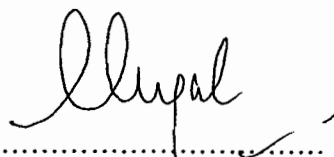
- (ii) utilise the proceeds to be derived from the Proposed Rights Issue of ICULS in the manner as set out in Section 2.3.7 of the Circular and the Directors of the Company be and are hereby authorised to revise the manner and purpose of utilisation of proceeds as they may deem fit and expedient in the best interest of the Company subject to (where required) the approval of the relevant authorities;
- (iii) create and issue the ICULS at the conversion price of RM0.10 for every one (1) new CME Share, (or such price adjusted in accordance with the trust deed) based on the indicative principal terms as set out in Appendix I of the Circular and the terms and conditions of a trust deed to be executed by the Company constituting the ICULS ("Trust Deed");
- (v) allot and issue new CME Shares arising from the conversion of the ICULS (including further ICULS arising from any adjustments under the provisions of the Trust Deed); and
- (vi) enter into and execute the Trust Deed constituting the ICULS and to do all acts, deed and things as Directors of the Company may deem fit or expedient in order to implement, finalise and give effect to the Trust Deed.

**THAT** such new CME Shares to be issued arising from the full conversion of the ICULS shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing CME Shares except that they will not be entitled to any dividends, rights, allotments and/or distributions, that may be declared, made or paid prior to the date of allotment of these new CME Shares.

**AND THAT** the Directors of the Company be and are hereby empowered and authorised to do all such acts, deeds and things to execute, sign and deliver on behalf of the Company all such documents and enter into any arrangements, agreements and/or undertakings with any party or parties as they may deem fit, necessary or expedient or appropriate in order to implement, finalise and/or give full effect to the Proposed Rights Issue of ICULS with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be required by the relevant authorities or deemed necessary by the Directors in the best interest of the Company."

Confirmed by

  
 .....  
 Dato' Khairi Bin Mohamad  
 Chairman

  
 .....  
 Tan Ruey Shyan (MIA 32563)  
 Secretary

14 October 2014

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**INFORMATION ON OUR COMPANY**


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**1. HISTORY AND BUSINESS**

Our Company was incorporated in Malaysia on 14 November 1979 as a private limited company under the name of Beijer (Malaysia) Sdn Bhd under the Companies Act, 1965. On 27 February 1984, Beijer (Malaysia) Sdn Bhd changed its name to Construction & Mining Equipment Holdings Sdn Bhd and subsequently assumed its present name on 5 January 1991.

Our Company was converted to a public limited company on 26 December 1995 and listed on the Second Board of Bursa Securities (formerly known as Kuala Lumpur Stock Exchange) on 3 October 1997. Subsequent to the merger of Main Board and Second Board into a single board on 3 August 2009, our Company is currently listed on the Main Market of Bursa Securities.

**2. PRINCIPAL ACTIVITIES**

Our Company is an investment holding company whilst our subsidiaries are principally engaged in providing comprehensive solutions in relation to designing, manufacturing and sales of various types of specialised mobility vehicles, and fire fighting and safety vehicles. Our Group had on 14 October 2014 obtained the approval of its shareholders to diversify into the property investment and property development businesses.

**3. SHARE CAPITAL**

The authorised and issued and paid-up share capital of our Company as at the LPD are as follows:

Type	No. of CME Shares	Par value RM	Amount RM
Authorised	10,000,000,000	0.10	1,000,000,000
Issued and paid-up	441,100,000	0.10	44,110,000

The changes in the issued and paid-up share capital of our Company for the last three (3) years are as follows:

Date issued	No. of CME Shares allotted	Par value (RM)	Type of issue/consideration	Cumulative issued and paid-up ordinary share capital (RM)
As at 18 October 2011	-	-	-	40,110,000
11 May 2012	4,000,000	0.10	Issued pursuant to the private placement at RM0.10 per placement share	40,510,000
24 June 2013	36,000,000	0.10	Issued pursuant to the private placement at RM0.10 per placement share	44,110,000

**INFORMATION ON OUR COMPANY (Cont'd)****4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

Based on the register of Substantial Shareholders of our Company, the shareholdings of the substantial shareholders (holding 5% or more) of our Company as at the LPD and the proforma effects of the Corporate Exercises are set out below.

**Minimum Scenario**

	As at the LPD <sup>#</sup>				(I) After the Rights Issue of ICULS				(II) After (I) and assuming full conversion of the ICULS <sup>(a)</sup>			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%
Substantial shareholders	80,574	18.27	-	-	80,574	18.27	-	-	350,574	49.30	-	-
IMHSB	40,000	9.07	-	-	40,000	9.07	-	-	40,000	5.63	-	-
Jewel View Sdn Bhd <sup>(b)</sup>												

Notes:

# Based on the Register of Substantial Shareholders.

(a) Assuming that RM27,000,000 nominal value of the ICULS issued to IMHSB pursuant to the Irrevocable Undertaking and the Rights Issue of ICULS are all converted into 270,000,000 new CME Shares by surrendering RM0.10 nominal value of the ICULS for one (1) new CME Share under the Minimum Scenario.

In the event all the ICULS are converted by surrendering RM0.04 nominal value of ICULS together with cash such that in aggregate it amounts to RM.10 for one (1) new CME Share, a total of 675,000,000 new CME Shares will be issued and the enlarged issued and paid-up share capital of our Company would be 1,116,100,000 CME Shares. Accordingly, the direct shareholding of IMHSB in CME would increase to 67.70%, respectively.

(b) Assuming that Jewel View Sdn Bhd does not subscribe for the Rights ICULS pursuant to the Rights Issue of ICULS under the Minimum Scenario.

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## INFORMATION ON OUR COMPANY (Cont'd)

## Maximum Scenario

	As at the LPD <sup>#</sup>				(I) After the Rights Issue of ICULS				(II) After (I) and assuming full conversion of the ICULS <sup>(c)</sup>			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%
Substantial shareholders												
IMHSB	80,574	18.27	-	-	80,574	18.27	-	-	241,721	18.27	-	-
Jewel View Sdn Bhd <sup>(b)</sup>	40,000	9.07	-	-	40,000	9.07	-	-	120,000	9.07	-	-

Notes:

# Based on the Register of Substantial Shareholders.

(a) Assuming that RM35,288,000 nominal value of the ICULS issued to the Entitled Shareholders pursuant to the Rights Issue of ICULS are all converted into 882,200,000 new CME Shares by surrendering RM0.04 nominal value of the ICULS together with cash such that in aggregate it amounts to RM0.10 for one (1) new CME Share under the Maximum Scenario.

(b) In the event all the ICULS are converted by surrendering RM0.10 nominal value of the ICULS for one (1) new CME Share, a total of 352,880,000 new CME Shares will be issued and the enlarged issued and paid-up share capital of our Company would be 793,980,000 CME Shares.

(c) Assuming that Jewel View Sdn Bhd fully subscribed for its Rights ICULS entitlements pursuant to the Rights Issue of ICULS under the Maximum Scenario.

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**INFORMATION ON OUR COMPANY (Cont'd)**


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**5. PARTICULARS OF DIRECTORS****5.1 Details of Directors**

The particulars of our Directors as at the LPD are as follows:

<b>Name</b>	<b>Age</b>	<b>Designation</b>	<b>Profession</b>	<b>Nationality</b>	<b>Address</b>
Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	43	Executive Director	Company Director	Malaysian	49, Jalan SS22/20 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan
Lim Bee Hong	48	Executive Director	Company Director	Malaysian	17, Jalan 18D, Aman Sari Kinrara Seksyen 8 47100 Puchong Selangor Darul Ehsan
Chin Fook Kheong	51	Executive Director	Company Director	Malaysian	Lot 63A, Jalan Meranti Bukit Sierramas West 47000 Sungai Buloh Selangor Darul Ehsan
Dato' Tengku Putra Bin Tengku Azman Shah	63	Independent Non-Executive Director	Company Director	Malaysian	19, Jalan Kelab Golf 13/7 Seksyen 13 40100 Shah Alam Selangor Darul Ehsan
Dato' Khairi Bin Mohamad	74	Independent Non-Executive Director	Company Director	Malaysian	46, Jalan Bangkung Bukit Bandaraya 59100 Kuala Lumpur
Azlan Omry Bin Omar	48	Independent Non-Executive Director	Company Director	Malaysian	34, Jalan Tualang Bangsar 59100 Kuala Lumpur
Ong Suan Pin	56	Independent Non-Executive Director	Company Director	Malaysian	No. 26, Jalan SS2/100 47300 Petaling Jaya Selangor Darul Ehsan

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**INFORMATION ON OUR COMPANY (Cont'd)**
**5.2 Details of Directors' shareholdings**

Save for the proforma effects of the Corporate Exercises on our Directors' shareholdings as disclosed below, none of our other Directors have any direct and/or indirect shareholdings in our Company as at the LPD.

**Minimum Scenario**

Directors	As at the LPD <sup>#</sup>				(I) After the Rights Issue of ICULS				(II) After (I) and assuming full conversion of the ICULS <sup>(a)</sup>			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%
Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	-	-	-	-	-	-	-	-	-	-	-	-
Lim Bee Hong	101	0.02	-	-	101	0.02	-	-	101	0.01	-	-
Chin Fook Kheong	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Tengku Putra Bin Tengku Azman Shah	-	-	-	-	-	-	-	-	-	-	-	-
Azlan Omry Bin Omar	-	-	-	-	-	-	-	-	-	-	-	-
Ong Suan Pin	12,470	2.83	-	-	12,470	2.83	-	-	12,470	1.75	-	-

Note:

# Based on the Register of Directors' Shareholdings.

(a) Assuming that RM27,000,000 nominal value of the ICULS will be undertaken by IMHSB pursuant to the Irrevocable Undertaking and the Rights Issue of ICULS are all converted into 270,000,000 new CME Shares by surrendering RM0.10 nominal value of the ICULS for one (1) new CME Share under the Minimum Scenario.

**INFORMATION ON OUR COMPANY (Cont'd)**
**Maximum Scenario**

	As at the LPD <sup>#</sup>			(I) After the Rights Issue of ICULS			(II) After (I) and assuming full conversion of the ICULS <sup>(a)</sup>			
	Direct		Indirect	Direct		Indirect	Direct		Indirect	
	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%	No. of CME Shares ( <sup>'000</sup> )	%
<b>Directors</b>										
Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	-	-	-	-	-	-	-	-	-	-
Lim Bee Hong	101	0.02	-	-	101	0.02	-	302	0.02	-
Chin Fook Kheong	-	-	-	-	-	-	-	-	-	-
Dato' Tengku Putra Bin Tengku Azman Shah	-	-	-	-	-	-	-	-	-	-
Azlan Omry Bin Omar	-	-	-	-	-	-	-	-	-	-
Ong Suan Pin	12,470	2.83	-	-	12,470	2.83	-	37,411	2.83	-

Note:

# Based on the Register of Directors' Shareholdings.

(a) Assuming that RM35,288,000 nominal value of the ICULS issued to the Entitled Shareholders pursuant to the Rights Issue of ICULS are all converted into 882,200,000 new CME Shares by surrendering RM0.04 nominal value of the ICULS together with cash such that in aggregate it amounts to RM0.10 for one (1) new CME Share under the Maximum Scenario.

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**INFORMATION ON OUR COMPANY (Cont'd)**


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**6. SUBSIDIARIES AND ASSOCIATED COMPANIES**

The details of our subsidiaries as at the LPD are as follows:

<b>Name of subsidiaries</b>	<b>Date/Place of incorporation</b>	<b>Issued and paid-up share capital</b>	<b>Effective equity interest %</b>	<b>Principal activities</b>
CME Industries Sdn Bhd	21 January 1981/ Malaysia	RM1,500,000	100.00	Servicing of fire fighting and specialist vehicles and sale of related spare parts
CME Edaran Sdn Bhd	28 February 1985/ Malaysia	RM6,000,000	100.00	Sale and servicing of fire fighting equipment and specialist vehicles and sale of related spare parts
CME Technologies Sdn Bhd	19 August 1992/ Malaysia	RM500,000	100.00	Manufacturing and sale of fire fighting equipment and fire engines
CME Properties Sdn Bhd	23 October 1982/ Malaysia	RM500,000	100.00	Dormant
CME Pyroshield Sdn Bhd	21 February 2005/ Malaysia	RM157,894	100.00	Trading of pyroshield gas and accessories
CME Properties (Australia) Pty Ltd	17 February 2014/ Australia	AUD10	100.00	Property development

As at the LPD, our Company has no investment in associated companies.

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**INFORMATION ON OUR COMPANY (Cont'd)**
**7. PROFIT AND DIVIDEND RECORD**

The following table summarises the audited results of our Group for the past three (3) FYEs and the unaudited results of our Group for the six (6) months FPE 30 June 2014:

	Audited FYE 31 December			Unaudited	
	2011 RM'000	2012 RM'000	2013 RM'000	FPE 30 June 2014 RM'000	FPE 30 June 2013 RM'000
Revenue	22,699	22,871	30,040	12,267	12,089
Gross profit	5,074	6,119	5,901	2,766	3,237
Other income	625	1,094	334	318	190
Earnings before interest, taxation, depreciation and amortisation	1,325	1,607	1,901	577	931
Finance costs	(583)	(767)	(569)	(186)	(217)
PBT	319	379	921	186	499
Less: Taxation	(21)	(301)	(287)	(36)	(125)
PAT	298	78	634	150	374
Profit attributable to equity holders of our Company	314	20	593	158	374
Non-controlling interests	(16)	58	41	(8)	-
	298	78	634	150	374
Gross profit margin (%)	22.35	26.75	19.64	22.55	26.78
Weighted average number of ordinary shares in issue ('000)	401,100	403,267	421,600	441,100	441,100
Basic EPS (sen)	0.078	0.005	0.140	0.034	0.085
Diluted EPS (sen)	N/A	N/A	N/A	N/A	N/A
Gross dividend per Share (sen) <sup>(a)</sup>	-	-	-	-	-

Note:

(a) No dividend was declared and paid for the FYE 31 December 2011 to 2013.

**Commentaries on past performance:**
**Audited FYE 2011**

For the FYE 2011, our Group recorded a decrease in revenue by 6.04% to RM22.70 million from RM24.16 million in the FYE 2010 due to the decrease in revenue generated from the fire fighting industry business segment pursuant to lesser secured tenders in the FYE 2011.

Notwithstanding the decrease in revenue, our Group managed to record an increase in profit for the year by RM0.23 million to RM0.30 million for the FYE 2011 from RM0.07 million for the FYE 2010. The increase in profit for the year was due mainly to lower tax expenses for the FYE 2011 pursuant to the reversal of the overprovision of the deferred tax expenses in prior years.

**INFORMATION ON OUR COMPANY (Cont'd)*****Audited FYE 2012***

For the FYE 2012, our Group's revenue remained constant and our Group recorded a marginal increase in revenue by 0.76% to RM22.87 million from RM22.70 million in the FYE 2011. The profit before taxation of our Group has increased in tandem with the increase in the revenue.

Notwithstanding the increase in revenue, our Group recorded a decrease in profit for the year from RM0.30 million for the FYE 2011 to RM0.08 million for the FYE 2012. The decrease in the profit for the year was due mainly to the increase in the current year tax expenses and the one-off reversal of the overprovision of the deferred tax expenses in the FYE 2011.

***Audited FYE 2013***

For the FYE 2013, albeit the competitive market condition, our Group's revenue increased by 31.35% to RM30.04 million for the FYE 2013 as compared to RM22.87 million for the FYE 2012. The improved revenue was due to the increase in rental income from our property investment division.

Our Group's profit margin and profit for the year for the FYE 2013 increased in tandem with the increase in the revenue. However, the profit margin of our Group has marginally increased by 1.77% from the FYE 2012 to 2.11% for the FYE 2013.

***Unaudited six (6) months FPE 30 June 2014***

For the FPE 30 June 2014, our Group recorded a marginal increase in revenue by 1.50% to RM12.27 million from RM12.09 million in the FPE 30 June 2013. The improved in revenue was mainly attributable to the increase in revenue from our Specialised Mobility Vehicles division.

Notwithstanding the increase in revenue, our Group recorded a decrease in profit for the period from RM0.37 million for the FPE 30 June 2013 to RM0.15 million for the FPE 30 June 2014. The decrease in the profit for the period was due mainly to the increase in the cost of sales of our Group. The decrease in the profit for the period was mitigated by the increase in other income for the FPE 30 June 2014 by 68.40% to RM0.32 million from RM0.19 million in the FPE 30 June 2013 due to gain on the disposal of investment properties.

**8. SHARE PRICES**

The monthly highest and lowest market prices of the CME Shares as traded on Bursa Securities for the past twelve (12) months up to the LPD are as follows:

	<b>Highest RM</b>	<b>Lowest RM</b>
<b><u>2013</u></b>		
October	0.065	0.060
November	0.070	0.055
December	0.065	0.055
<b><u>2014</u></b>		
January	0.070	0.060
February	0.075	0.060
March	0.070	0.060
April	0.070	0.060
May	0.090	0.060
June	0.075	0.070
July	0.080	0.070
August	0.110	0.070
September	0.115	0.085

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**INFORMATION ON OUR COMPANY (Cont'd)**

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The last transacted price of the CME Shares on Bursa Securities on 8 May 2014, being the last practicable day immediately prior to the announcement of the Corporate Exercises on 9 May 2014, was RM0.09 per CME Share.

The last transacted price of the CME Shares on Bursa Securities on 17 October 2014, being the LPD prior to the printing of this Abridged Prospectus, was RM0.085 per CME Share.

The last transacted price of the CME Shares on Bursa Securities on 27 October 2014, being the last Market Day prior to the ex-date for the Rights Issue of ICULS, was RM0.085 per CME Share.

*(Source: Bloomberg)*

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**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**

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**SIEW BOON YEONG & ASSOCIATES**

Chartered Accountants [AF: 0660]

9-C, Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur, Malaysia.

Tel: 03-2693 8837 Fax: 03-2693 8836 Website: www.sby.com.my E-mail: audit@sby.com.my



Date: 17 October 2014

The Board of Directors

**CME Group Berhad**

Lot 19 Jalan Delima 1/1

Taman Perindustrian Teknologi Tinggi Subang

47500 Subang Jaya

Selangor, Malaysia

Dear Sirs,

**CME GROUP BERHAD (“CME” OR “COMPANY”)  
REPORT ON THE COMPILATION OF PROFORMA CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION AS AT 31 DECEMBER 2013**

We have completed our assurance engagement to report on the compilation of Proforma Consolidated Statement of Financial Position of CME and its subsidiaries (“the Group”) as at 31 December 2013 for which the Directors are solely responsible. The Proforma Consolidated Statement of Financial Position consists of the Proforma Consolidated Statement of Financial Position as at 31 December 2013 together with the accompanying notes thereon (which we have stamped for the purpose of identification), as set out in the accompanying statements. The applicable criteria on the basis of which the Directors have compiled the Proforma Consolidated Statement of Financial Position are described in the notes to the Proforma Consolidated Statement of Financial Position (“Applicable Criteria”).

The Proforma Consolidated Statement of Financial Position has been compiled by the Directors to illustrate the impact of the following amongst others, corporate exercises on the Group’s financial position as at 31 December 2013, as if the corporate exercises had taken place at 31 December 2013:-

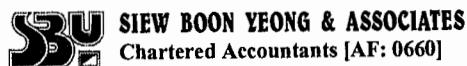
- (a) Acquisition of a parcel of freehold land held under Certificate of Title Volume 1521 Folio 640, located at Lot 11, Henson Street, Local Government Area of City of Mandurah, Western Australia, Australia by CME Properties (Australia) Pty Ltd (“CMEPA”), a wholly owned subsidiary of CME, from Luteum Pty Ltd for a cash consideration of RM22,401,000 (“Acquisition of Land 1”);
- (b) Acquisition of a parcel of freehold land held under Certificate of Title Volume 1695 Folio 297, located at Lot 40, Mandurah Terrace, Local Government Area of City of Mandurah, Western Australia, Australia by CMEPA from Grand Holdings Pty Ltd for a cash consideration of RM7,599,000 (“Acquisition of Land 2”); and
- (c) Renounceable rights issue of up to RM35,288,000 nominal value of ten (10)-year, zero coupon irredeemable convertible unsecured loan stock (“ICULS”) at 100% of the nominal value of RM0.04 each (“Rights ICULS”) on the basis of RM0.08 nominal value of the ICULS for every one (1) existing ordinary share of RM0.10 each in CME (“CME Share”) held at 5.00 p.m. on 30 October 2014, based on a minimum subscription level of RM27,000,000 nominal value of the Rights ICULS (“Rights Issue of ICULS”)

hereinafter the above collectively, shall be referred to as the “Corporate Exercises”. The Acquisition of Land 1 and the Acquisition of Land 2 shall be referred to as “Acquisitions”.

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**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**


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As part of this process, information about the Group's financial position has been extracted by the Directors from the audited financial statements of the Group for the financial year ended 31 December 2013, which were reported by another firm of Chartered Accountants without any modifications and with an emphasis of matter on going concern, to the members of CME on 25 April 2014 which has been published.

*Directors' Responsibility for the Proforma Consolidated Statement of Financial Position*

The Directors are responsible for compiling the Proforma Consolidated Statement of Financial Position on the basis of the Applicable Criteria as described in the notes thereto.

*Reporting Accountant's Responsibilities*

Our responsibility is to express an opinion, whether the Proforma Consolidated Statement of Financial Position has been compiled, in all material aspects, by the Directors on the basis of the Applicable Criteria as described in the notes thereto.

We conducted our engagement in accordance with International Standard on Assurance Engagements, (ISAE) 3420 - *Assurance Engagements to Report on the Compilation of Proforma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material aspects, the Proforma Consolidated Statement of Financial Position on the basis of the Applicable Criteria as described in the notes thereto.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Proforma Consolidated Statement of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Proforma Consolidated Statement of Financial Position.

The purpose of Proforma Consolidated Statement of Financial Position included in the Abridged Prospectus to Shareholders is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2013 would have been as presented.

A reasonable assurance engagement to report on whether the Proforma Consolidated Statement of Financial Position has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the Proforma Consolidated Statement of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:-

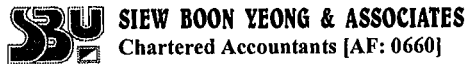
- (i) The related proforma adjustments give appropriate effect to those criteria; and
- (ii) The Proforma Consolidated Statement of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Proforma Consolidated Statement of Financial Position has been compiled, and other relevant engagement circumstances.

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**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

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The engagement also involves evaluating the overall presentation of the Proforma Consolidated Statement of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

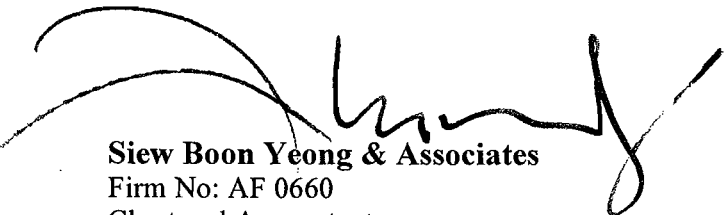
*Opinion*

In our opinion,


- (i) the Proforma Consolidated Statement of Financial Position as at 31 December 2013 which were prepared for illustrative purposes only, have been properly compiled on the basis set out in the accompanying notes to the Proforma Consolidated Statement of Financial Position using financial statements prepared in accordance with the Malaysian Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies of the CME unless otherwise stated; and
- (ii) the adjustments made to the information used in the preparation of the Proforma Consolidated Statement of Financial Position are appropriate for the purposes of preparing the Proforma Consolidated Statement of Financial Position.

We understand that this letter will be used solely for the purposes of inclusion in the Abridged Prospectus to Shareholders of CME in connection with the Rights Issue of ICULS. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully



**Siew Boon Yeong & Associates**  
Firm No: AF 0660  
Chartered Accountants

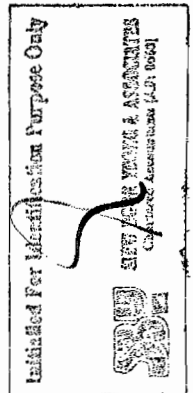


**Dato' Siew Boon Yeong**  
Approved Number: 1321/7/16 (J)  
Partner of Firm

**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**CME GROUP BERHAD ("CME")  
PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013  
MINIMUM SCENARIO**

	Audited Consolidated Statement of Financial Position as at 31 December 2013 RM'000	Adjustments for Rights Issue of ICULS RM'000	Proforma I Rights Issue of ICULS RM'000	Adjustments for Acquisitions RM'000	Proforma II After Proforma I and the Acquisitions RM'000	Adjustments for the Full Conversion of the ICULS RM'000	Proforma III After Proforma II and the Full Conversion of the ICULS RM'000
<b>ASSETS</b>							
<b>Non-current Assets</b>							
Property, plant and equipment	7,132	-	7,132	-	7,132	-	7,132
Land held for property development	-	-	-	30,000	30,000	-	30,000
Investment properties	41,950	-	41,950	-	41,950	-	41,950
Other financial assets	492	-	492	-	492	-	492
Deferred tax assets	60	-	60	-	60	-	60
	49,634	-	49,634	30,000	79,634	-	79,634
<b>Current Assets</b>							
Inventories	1,050	-	1,050	-	1,050	-	1,050
Amount due from contract customers	1,042	-	1,042	-	1,042	-	1,042
Trade receivables	11,296	-	11,296	-	11,296	-	11,296
Other receivables, deposits and prepaid expenses	3,702	-	3,702	3,000	6,702	-	6,702
Tax recoverable	316	-	316	-	316	-	316
Cash and bank balances	347	26,000	26,347	(26,000)	347	-	347
	17,753	26,000	43,753	(23,000)	20,753	-	20,753
Assets classified as held for sale	2,100	-	2,100	-	2,100	-	2,100
	19,853	26,000	45,853	(23,000)	22,853	-	22,853
<b>Total Assets</b>	69,487	26,000	95,487	7,000	102,487	-	102,487
<b>EQUITY AND LIABILITIES</b>							
Share capital	44,110	-	44,110	-	44,110	27,000	71,110
ICULS - Equity portion	-	27,000	27,000	-	27,000	(27,000)	-
Retained earnings/(Accumulated losses)	430	(1,000)	(570)	-	(570)	-	(570)
Non-distributable reserves	-	-	-	-	-	-	-
- Fair value reserve	7	-	7	-	7	-	7
Equity attributable to equity holders of the Company	44,547	26,000	70,547	-	70,547	-	70,547
Non-controlling interests	194	-	194	-	194	-	194
<b>Total Equity</b>	44,741	26,000	70,741	-	70,741	-	70,741

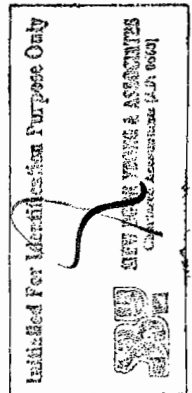


**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**CME GROUP BERHAD ("CME")  
PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013  
MINIMUM SCENARIO**

	Audited Consolidated Statement of Financial Position as at 31 December 2013 RM'000	Proforma I Adjustments for Rights Issue of ICULS RM'000	Proforma I Rights Issue of ICULS RM'000	Adjustments for the Full Conversion of the ICULS RM'000	Proforma II After Proforma I and the Acquisitions RM'000	Adjustments for the Full Conversion of the ICULS RM'000	Proforma III After Proforma II and the Full Conversion of the ICULS RM'000
<b>Non-current Liabilities</b>							
Hire purchase payables - non-current portion	320	-	320	-	320	-	320
Long-term loan - non-current portion	3,102	-	3,102	-	3,102	-	3,102
	<u>3,422</u>	<u>-</u>	<u>3,422</u>	<u>-</u>	<u>3,422</u>	<u>-</u>	<u>3,422</u>
<b>Current Liabilities</b>							
Trade payables	7,735	-	7,735	-	7,735	-	7,735
Other payables, accrued expenses and provisions	6,477	-	6,477	-	6,477	-	6,477
Hire purchase payables - current portion	78	-	78	-	78	-	78
Bank borrowings	6,825	-	6,825	7,000	13,825	-	13,825
Tax liabilities	209	-	209	-	209	-	209
	<u>21,324</u>	<u>-</u>	<u>21,324</u>	<u>7,000</u>	<u>28,324</u>	<u>-</u>	<u>28,324</u>
<b>Total Liabilities</b>	<u>24,746</u>	<u>-</u>	<u>24,746</u>	<u>7,000</u>	<u>31,746</u>	<u>-</u>	<u>31,746</u>
<b>Total Equity and Liabilities</b>	<u>69,487</u>	<u>26,000</u>	<u>95,487</u>	<u>7,000</u>	<u>102,487</u>	<u>-</u>	<u>102,487</u>
Par value per ordinary share (RM)	0.10		0.10		0.10		0.10
Number of shares ('000)	441,100	-	441,100	-	441,100	270,000	711,100
Net assets per share (RM)	0.10		0.16		0.16		0.10
Total borrowings (RM'000)*	10,325		10,325		17,325		17,325
Gearing ratio (times)	0.23		0.15		0.25		0.25

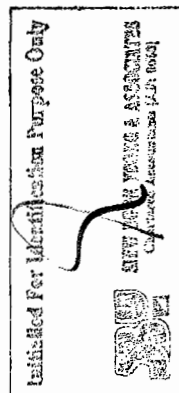
\* Comprise of all interest bearing borrowings.



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**CME GROUP BERHAD  
PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013  
MAXIMUM SCENARIO**

	Audited Consolidated Statement of Financial Position as at 31 December 2013 RM'000	Proforma I Adjustments for Rights Issue of ICULS RM'000	Proforma I Rights Issue of ICULS RM'000	Adjustments for the Acquisitions RM'000	Proforma II After Proforma I and the Acquisitions RM'000	Adjustments for the Full Conversion of the ICULS RM'000	Proforma III After Proforma II and the Full Conversion of the ICULS RM'000
<b>ASSETS</b>							
<b>Non-current Assets</b>							
Property, plant and equipment	7,132	-	7,132	-	7,132	-	7,132
Land held for property development	-	-	-	30,000	30,000	-	30,000
Investment properties	41,950	-	41,950	-	41,950	-	41,950
Other financial assets	492	-	492	-	492	-	492
Deferred tax assets	60	-	60	-	60	-	60
	49,634	-	49,634	30,000	79,634	-	79,634
<b>Current Assets</b>							
Inventories	1,050	-	1,050	-	1,050	-	1,050
Amount due from contract customers	1,042	-	1,042	-	1,042	-	1,042
Trade receivables	11,296	-	11,296	-	11,296	-	11,296
Other receivables, deposits and prepaid expenses	3,702	-	3,702	3,000	6,702	-	6,702
Tax recoverable	316	-	316	-	316	-	316
Cash and bank balances	347	-	34,635	(33,000)	1,635	52,932	54,567
	17,753	-	52,041	(30,000)	22,041	52,932	74,973
Assets classified as held for sale	2,100	-	2,100	-	2,100	-	2,100
	19,853	-	54,141	(30,000)	24,141	52,932	77,073
<b>Total Assets</b>	69,487	-	103,775	-	103,775	52,932	156,707
<b>EQUITY AND LIABILITIES</b>							
Share capital	44,110	-	44,110	-	44,110	88,220	132,330
ICULS - Equity portion	-	35,288	35,288	-	35,288	(35,288)	-
Retained earnings/(Accumulated losses)	430	(1,000)	(570)	-	(570)	-	(570)
Non-distributable reserves	-	-	-	-	-	-	-
- Fair value reserve	7	-	7	-	7	-	7
Equity attributable to equity holders of the Company	44,547	-	78,835	-	78,835	52,932	131,767
Non-controlling interests	194	-	194	-	194	-	194
<b>Total Equity</b>	44,741	-	79,029	-	79,029	52,932	131,961

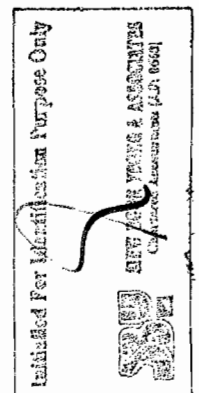


**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**CME GROUP BERHAD  
PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013  
MAXIMUM SCENARIO**

	Audited Consolidated Statement of Financial Position as at 31 December 2013 RM'000	Proforma I Adjustments for Rights Issue of ICULS RM'000	Proforma I Rights Issue of ICULS RM'000	Adjustments for the Full Conversion of the ICULS RM'000	Proforma II After Proforma I and the Acquisitions RM'000	Adjustments for the Full Conversion of the ICULS RM'000	Proforma III After Proforma II and the Full Conversion of the ICULS RM'000
<b>Non-current Liabilities</b>							
Hire purchase payables - non-current portion	320	-	320	-	320	-	320
Long-term loan - non-current portion	3,102	-	3,102	-	3,102	-	3,102
	<u>3,422</u>	<u>-</u>	<u>3,422</u>	<u>-</u>	<u>3,422</u>	<u>-</u>	<u>3,422</u>
<b>Current Liabilities</b>							
Trade payables	7,735	-	7,735	-	7,735	-	7,735
Other payables, accrued expenses and provisions	6,477	-	6,477	-	6,477	-	6,477
Hire purchase payables - current portion	78	-	78	-	78	-	78
Bank borrowings	6,825	-	6,825	-	6,825	-	6,825
Tax liabilities	209	-	209	-	209	-	209
	<u>21,324</u>	<u>-</u>	<u>21,324</u>	<u>-</u>	<u>21,324</u>	<u>-</u>	<u>21,324</u>
<b>Total Liabilities</b>	<u>24,746</u>	<u>-</u>	<u>24,746</u>	<u>-</u>	<u>24,746</u>	<u>-</u>	<u>24,746</u>
<b>Total Equity and Liabilities</b>	<u>69,487</u>	<u>34,288</u>	<u>103,775</u>	<u>-</u>	<u>103,775</u>	<u>52,932</u>	<u>156,707</u>
Par value per ordinary share (RM)	0.10		0.10		0.10		0.10
Number of shares ('000)	441,100		441,100		441,100		1,323,300
Net assets per share (RM)	0.10		0.18		0.18		0.10
Total borrowings (RM'000)*	10,325		10,325		10,325		10,325
Gearing ratio (times)	0.23		0.13		0.13		0.08

\* Comprise of all interest bearing borrowings.



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**CME GROUP BERHAD**

**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
31 DECEMBER 2013**

**1. BASIS OF PREPARATION**

The Proforma Consolidated Statement of Financial Position has been prepared in accordance with the Malaysian Financial Reporting Standards in Malaysia and based on the audited Consolidated Statement of Financial Position of CME Group as at 31 December 2013. The Proforma Consolidated Statement of Financial Position have been prepared solely for illustrative purposes, to show the effects of the following:

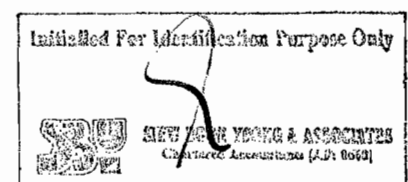
- (a) Acquisition of a parcel of freehold land held under Certificate of Title Volume 1521 Folio 640, located at Lot 11, Henson Street, Local Government Area of City of Mandurah, Western Australia, Australia by CME Properties (Australia) Pty Ltd ("CMEPA"), a wholly owned subsidiary of CME, from Luteum Pty Ltd for a cash consideration of RM22,401,000 ("Acquisition of Land 1");
- (b) Acquisition of a parcel of freehold land held under Certificate of Title Volume 1695 Folio 297, located at Lot 40, Mandurah Terrace, Local Government Area of City of Mandurah, Western Australia, Australia by CMEPA from Grand Holdings Pty Ltd for a cash consideration of RM7,599,000 ("Acquisition of Land 2"); and
- (c) Renounceable rights issue of up to RM35,288,000 nominal value of ten (10)-year, zero coupon irredeemable convertible unsecured loan stock ("ICULS") at 100% of the nominal value of RM0.04 each ("Rights ICULS") on the basis of RM0.08 nominal value of the ICULS for every one (1) existing ordinary share of RM0.10 each in CME ("CME Share") held at 5.00 p.m. on 30 October 2014, based on a minimum subscription level of RM27,000,000 nominal value of the Rights ICULS ("Rights Issue of ICULS")

hereinafter the above collectively, shall be referred to as the "Corporate Exercises". The Acquisition of Land 1 and the Acquisition Land 2 shall be referred to as "Acquisitions".

The Proforma Consolidated Statement of Financial Position have been prepared based on the accounting policies and bases consistent with those normally adopted by CME Group in the preparation of its audited financial statements.

The Proforma Consolidated Statement of Financial Position is presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The Proforma Consolidated Statement of Financial Position, because of its nature, may not be reflective of the Group's actual financial position. Furthermore, such information does not purport to predict the future financial position of the Group.





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**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

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**CME GROUP BERHAD  
PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
31 DECEMBER 2013**

1.1 The details of the Minimum and Maximum Scenarios are set out below:

(i) **Minimum Scenario**

Minimum Scenario representing the scenario on the following assumptions:-

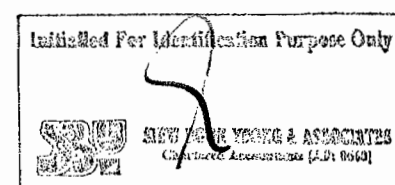
- (i) issuance of RM27,000,000 nominal value of ICULS;
- (ii) completion of the Acquisitions; and
- (iii) the RM27,000,000 nominal value of ICULS issued pursuant to the Rights Issue of ICULS are all converted into 270,000,000 new CME Shares by surrendering RM0.10 nominal value of ICULS for one (1) new CME Share.

(ii) **Maximum Scenario**

Maximum Scenario representing the scenario on the following assumptions:-

- (i) issuance of RM35,288,000 nominal value of ICULS;
- (ii) completion of the Acquisitions; and
- (iii) the RM35,288,000 nominal value of the ICULS issued pursuant to the Rights Issue of ICULS are all converted into 882,200,000 new CME Shares by surrendering RM0.04 nominal value of ICULS together with cash such that in aggregate it amounts to RM0.10 for one (1) new CME Share.

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**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**


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**CME GROUP BERHAD  
 PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
 31 DECEMBER 2013**
**2. MINIMUM SCENARIO**
**2.1 PROFORMA I**

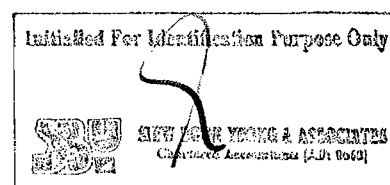
Proforma I incorporates the effects of Rights Issue of ICULS of RM27,000,000 nominal value of ICULS and the estimated expenses in relation to the Corporate Exercises amounting to RM1,000,000.

The Rights Issue with ICULS has the following impact on the Proforma Consolidated Statement of Financial Position:-

	Increase/(Decrease)	
	Effect on Total Assets RM'000	Effect on Total Equity and Liabilities RM'000
Cash and bank balances	26,000	-
ICULS – equity portion	-	27,000
Retained earning	-	(1,000)
	26,000	26,000

The proceeds from Right Issue of ICULS, net of expenses relating to the Corporate Exercises, have been included within cash and bank balances. The estimated expenses in relation to the Corporate Exercises of RM1.00 million will be debited to the retained earning.

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**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**CME GROUP BERHAD  
PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
31 DECEMBER 2013**

**2.2 PROFORMA II**

Proforma II incorporates the effects of Proforma I and the Acquisitions.

The Acquisitions has the following impact on the Proforma Consolidated Statement of Financial Position:-

	<b>Increase/(Decrease)</b>	
	<b>Effect on Total Assets RM'000</b>	<b>Effect on Total Equity and Liabilities RM'000</b>
Cash and bank balances	(26,000)	-
Land held for property development	30,000	-
Other receivables, deposits and prepaid expenses <sup>(a)</sup>	3,000	-
Borrowings <sup>(b)</sup>	-	7,000
	7,000	7,000

Notes:

- (a) The estimated Australian goods and services tax ("GST") paid amounting to RM3,000,000 has been included in other receivables with the assumption that it is claimable from the Australian Taxation Office.
- (b) Assuming the remaining balance of the total purchase consideration of RM30,000,000 plus estimated GST amounting to RM7,000,000 will be financed by bank borrowings.

**2.3 PROFORMA III**

Proforma III incorporates the effects of Proforma II and assuming the RM27,000,000 nominal value of ICULS issued pursuant to the Rights Issue of ICULS are all converted into 270,000,000 new CME Shares by surrendering RM0.10 nominal value of ICULS for one (1) new CME Share.

The conversion of the ICULS has the following impact on the Proforma Consolidated Statement of Financial Position:-

	<b>Increase/(Decrease)</b>	
	<b>Effect on Total Assets RM'000</b>	<b>Effect on Total Equity and Liabilities RM'000</b>
Share capital	-	27,000
ICULS – equity portion	-	(27,000)
	-	-



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**CME GROUP BERHAD**

**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013**

**3. MAXIMUM SCENARIO**

**3.1 PROFORMA I**

Proforma I incorporates the effects of Rights Issue of ICULS of RM35,288,000 nominal value of ICULS and the estimated expenses in relation to the Corporate Exercises amounting to RM1,000,000.

The Rights Issue with ICULS has the following impact on the Proforma Consolidated Statement of Financial Position:-

	Increase/(Decrease)	
	Effect on Total Assets RM'000	Effect on Total Equity and Liabilities RM'000
Cash and bank balances	34,288	-
ICULS – equity portion	-	35,288
Retained earning	-	(1,000)
	34,288	34,288

The proceeds from Right Issue of ICULS, net of expenses relating to the Corporate Exercises, have been included within cash and bank balances. The estimated expenses in relation to the Corporate Exercises of RM1.00 million will be debited to the retained earning.

**3.2 PROFORMA II**

Proforma II incorporates the effects of Proforma I and the Acquisitions.

The Acquisitions has the following impact on the Proforma Consolidated Statement of Financial Position:-

	Increase/(Decrease)	
	Effect on Total Assets RM'000	Effect on Total Equity and Liabilities RM'000
Cash and bank balances	(33,000)	-
Land held for property development	30,000	-
Other receivables, deposits and prepaid expenses	3,000	-
	-	-

The GST paid amounting to RM3,000,000 has been included in other receivables with the assumption that it is claimable from the Australian Taxation Office.



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**CME GROUP BERHAD  
PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
31 DECEMBER 2013**

**3.3 PROFORMA III**

Proforma III incorporates the effects of Proforma II and assuming the RM35,288,000 nominal value of ICULS issued pursuant to the Proposed Rights Issue of ICULS are all converted into 882,200,000 new CME Shares by surrendering RM0.04 nominal value of ICULS together with cash such that in aggregate it amounts to RM0.10 for one (1) new CME Share.

The conversion of the ICULS has the following impact on the Proforma Consolidated Statement of Financial Position:-

	<b>Increase/(Decrease)</b>	
	<b>Effect on Total Assets RM'000</b>	<b>Effect on Total Equity and Liabilities RM'000</b>
Cash and bank balances	52,932	-
Share capital	-	88,220
ICULS – equity portion	-	(35,288)
	52,932	52,932

**APPROVAL BY THE BOARD OF DIRECTORS**

Approved and adopted by the Board of Directors in accordance with a resolution dated 17 October 2014 .

On behalf of the Board,



Lim Bee Hong  
Executive Director



Chin Fook Kheong  
Executive Director



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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON

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# Deloitte.

Deloitte & Touche (AF 0834)  
Chartered Accountants  
Level 16, Menara LGB  
1 Jalan Wan Kadir  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur

P.O. Box 10093  
50704 Kuala Lumpur  
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myaaa@deloitte.com  
www.deloitte.com/my

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CME GROUP BERHAD** (Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of **CME GROUP BERHAD**, which comprise the statements of financial position as of December 31, 2013 of the Group and of the Company and the statements of profit or loss and comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 72.

#### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

(Forward)

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (*Cont'd*)

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 2 to the Financial Statements. The Group and the Company have current liabilities exceeding current assets by RM1,471,000 and RM7,140,000 respectively as of December 31, 2013. The financial statements of the Group and of the Company have been prepared on the basis of accounting principles applicable to a going-concern. This going-concern basis presumes that the Group and the Company will be able to operate profitably in the foreseeable future and funds will continue to be made available from shareholders, financiers and creditors, and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. In this connection, the directors are of the opinion that the Group and the Company will be able to generate adequate funds to meet their financial obligations as they fall due in the foreseeable future.

(Forward)

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON *(Cont'd)*

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### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) in our opinion, the accounting and other records and the registers have required by the Act to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Act.
- b) we are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.
- c) the auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

### **Other Reporting Responsibilities**

The supplementary information set out in Note 29 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.



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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (*Cont'd*)

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**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**DELOITTE & TOUCHE**  
**AF 0834**  
**Chartered Accountants**



**HIEW KIM TIAM**  
**Partner - 1717/08/15 (J)**  
**Chartered Accountant**

April 25, 2014

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

**CME GROUP BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Note	The Group		The Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	5	30,040	22,871	13,033	2,005
Cost of sales		<u>(24,139)</u>	<u>(16,752)</u>	<u>(11,316)</u>	<u>(700)</u>
Gross profit		5,901	6,119	1,717	1,305
Other gains		334	1,094	155	298
Administrative expenses		(3,863)	(4,194)	(1,349)	(1,088)
Other expenses		(883)	(1,873)	(42)	(490)
Finance costs	6	<u>(569)</u>	<u>(767)</u>	<u>(181)</u>	<u>(154)</u>
<b>Profit/(Loss) before tax</b>	7	921	379	301	(129)
Tax expense	8	<u>(287)</u>	<u>(301)</u>	<u>(131)</u>	<u>(73)</u>
<b>Profit/(Loss) for the year</b>		634	78	170	(202)
Other comprehensive loss	13	<u>(399)</u>	<u>(13)</u>	<u>(399)</u>	<u>(13)</u>
<b>Total comprehensive income/(loss) for the year</b>		<u>235</u>	<u>65</u>	<u>(229)</u>	<u>(215)</u>
Profit for the year attributable to:					
Equity holders of the Company		593	20		
Non-controlling interests		<u>41</u>	<u>58</u>		
		<u>634</u>	<u>78</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		194	7		
Non-controlling interests		<u>41</u>	<u>58</u>		
		<u>235</u>	<u>65</u>		
Basic earnings per ordinary share (sen)	9	<u>0.140</u>	<u>0.005</u>		

The accompanying Notes form an integral part of the Financial Statements.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

**CME GROUP BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2013**

	Note	The Group		The Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	10	7,132	7,522	3	8
Investment properties	11	41,950	37,720	41,950	37,720
Investment in subsidiary companies	12	-	-	7,485	7,485
Other financial assets	13	492	891	492	891
Deferred tax assets	14	60	11	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>49,634</b>	<b>46,144</b>	<b>49,930</b>	<b>46,104</b>
<b>CURRENT ASSETS</b>					
Inventories	15	1,050	1,566	-	-
Amount due from contract customers	16	1,042	1,582	-	-
Trade receivables	17	11,296	1,634	7,231	366
Other receivables, deposits and prepaid expenses	17	3,702	578	3,395	95
Amount owing by subsidiary companies	12	-	-	21,986	25,184
Fixed deposits with licensed banks	18	-	215	-	-
Tax recoverable		316	400	-	-
Cash and bank balances	25	347	486	26	67
		17,753	6,461	32,638	25,712
Assets classified as held for sale	19	2,100	1,510	2,100	1,510
<b>TOTAL CURRENT ASSETS</b>		<b>19,853</b>	<b>7,971</b>	<b>34,738</b>	<b>27,222</b>
<b>TOTAL ASSETS</b>		<b>69,487</b>	<b>54,115</b>	<b>84,668</b>	<b>73,326</b>

(Forward)

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

	Note	The Group		The Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>CAPITAL AND RESERVES</b>					
Issued capital	20	44,110	40,510	44,110	40,510
Reserves		437	243	(1,395)	(1,166)
<b>Equity attributable to equity holders of the Company</b>		<b>44,547</b>	<b>40,753</b>	<b>42,715</b>	<b>39,344</b>
Non - controlling interests		194	153	-	-
<b>TOTAL EQUITY</b>		<b>44,741</b>	<b>40,906</b>	<b>42,715</b>	<b>39,344</b>
<b>NON-CURRENT LIABILITIES</b>					
Hire-purchase payables - non-current portion	21	320	400	-	-
Long-term loan - non-current portion	22	3,102	1,010	75	229
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,422</b>	<b>1,410</b>	<b>75</b>	<b>229</b>
<b>CURRENT LIABILITIES</b>					
Trade payables	23	7,735	545	6,593	-
Other payables, accrued expenses and provisions	23	6,477	3,544	5,554	2,366
Amount owing to subsidiary companies	12	-	-	29,465	31,201
Hire-purchase payables - current portion	21	78	108	-	-
Bank borrowings	24	6,825	7,465	151	139
Tax liabilities		209	137	115	47
<b>TOTAL CURRENT LIABILITIES</b>		<b>21,324</b>	<b>11,799</b>	<b>41,878</b>	<b>33,753</b>
<b>TOTAL LIABILITIES</b>		<b>24,746</b>	<b>13,209</b>	<b>41,953</b>	<b>33,982</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>69,487</b>	<b>54,115</b>	<b>84,668</b>	<b>73,326</b>

The accompanying Notes form an integral part of the Financial Statements.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

**CME GROUP BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

The Group	RM'000	(Accumulated losses)/ Distributable Retained earnings RM'000	Non- distributable reserves - Fair value reserve RM'000	Equity attributable to equity holders of the Company RM'000	Non- controlling interests RM'000	Total equity RM'000
<b>Balance as of 1.1.2012</b>	40,110	(183)	419	40,346	95	40,441
Issuance of ordinary shares	400	-	-	400	-	400
Total comprehensive income for the year	-	20	(13)	7	58	65
<b>Balance as of 31.12.2012/1.1.2013</b>	40,510	(163)	406	40,753	153	40,906
Issuance of ordinary shares	3,600	-	-	3,600	-	3,600
Total comprehensive income for the year	-	593	(399)	194	41	235
<b>Balance as of 31.12.2013</b>	44,110	430	7	44,547	194	44,741

(Forward)

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

<b>The Company</b>	<b>Issued capital RM'000</b>	<b>Accumulated losses RM'000</b>	<b>Total equity RM'000</b>
<b>Balance as of 1.1.2012</b>	40,110	(951)	39,159
Total comprehensive income for the year	<u>400</u>	<u>(215)</u>	<u>185</u>
<b>Balance as of 31.12.2012/1.1.2013</b>	40,510	(1,166)	39,344
Issuance of ordinary shares	3,600	-	3,600
Total comprehensive income for the year	<u>-</u>	<u>(229)</u>	<u>(229)</u>
<b>Balance as of 31.12.2013</b>	<u>44,110</u>	<u>(1,395)</u>	<u>42,715</u>

The accompanying Notes form an integral part of the Financial Statements.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

**CME GROUP BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>CASH FLOWS FROM/(USED IN)</b>				
<b>OPERATING ACTIVITIES</b>				
Profit/(Loss) for the year	634	78	170	(202)
Adjustments for:				
Finance costs	569	767	181	154
Inventories written off	-	641	-	-
Depreciation of property, plant and equipment	411	461	5	5
Tax expense recognised in profit or loss	287	301	131	73
Other investment written off	-	175	-	175
Provision for warranty and free services	435	146	-	-
Impairment loss recognised on trade receivables	11	87	-	-
Gain on disposal of assets held for sale	(150)	(245)	(150)	(245)
Impairment loss recognised on trade receivables no longer required	(8)	(52)	-	(52)
Interest income	(6)	(29)	-	-
Impairment loss on investment in subsidiary	-	-	-	292
Operating Profit Before Working Capital Changes	2,183	2,330	336	200

(Forward)

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(Increase)/Decrease in:				
Inventories	516	(947)	-	-
Amount due from contract customers	540	(894)	-	-
Trade receivables	(9,666)	2,067	(6,865)	(15)
Other receivables, deposits and prepaid expenses	(3,123)	959	(3,300)	125
Amount owing by subsidiary companies	-	-	3,198	(279)
Increase/(Decrease) in:				
Amount due to contract customers	-	(707)	-	-
Trade payables	7,189	(564)	6,593	-
Other payables, accrued expenses and provisions	2,772	(4,310)	3,188	(2,575)
Amount owing to subsidiary companies	-	-	(1,736)	(221)
Cash From/(Used In) Operations	411	(2,066)	1,415	(2,765)
Income tax paid	(238)	(218)	(66)	(52)
Tax refunded	57	-	3	-
Warranty and free services paid	(274)	-	-	-
Net Cash (Used In)/From Operating Activities	(44)	(2,284)	1,352	(2,817)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>				
Withdrawal of fixed deposits	215	944	-	-
Interest received	6	29	-	-
Purchase of property, plant and equipment (Note 10)	(21)	(273)	-	(2)
Addition to investment properties	(6,000)	-	(6,000)	-
Proceeds from disposal of assets held for sale	1,330	2,605	1,330	2,605
Net Cash (Used In)/From Investing Activities	(4,470)	3,305	(4,670)	2,603

(Forward)



OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

	Note	The Group		The Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>CASH FLOWS (USED IN)/ FROM FINANCING ACTIVITIES</b>					
Issuance of shares		3,600	400	3,600	400
Finance costs paid		(569)	(767)	(181)	(154)
Proceeds from/(Repayment) of bank borrowings		1,653	(897)	(142)	(15)
Repayment of hire-purchase payables		(110)	(150)	-	-
Net Cash From/(Used In)/ Financing Activities		<u>4,574</u>	<u>(1,414)</u>	<u>3,277</u>	<u>231</u>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
		60	(393)	(41)	17
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>					
		<u>(4,020)</u>	<u>(3,627)</u>	<u>67</u>	<u>50</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>					
	25	<u>(3,960)</u>	<u>(4,020)</u>	<u>26</u>	<u>67</u>

The accompanying Notes form an integral part of the Financial Statements.

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON *(Cont'd)*

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**CME GROUP BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are as disclosed in Note 12.

There have been no significant changes in the nature of activities of the Company and its subsidiary companies during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed in Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at Lot 19, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, Batu Tiga, 40000 Shah Alam, Selangor Darul Ehsan.

The financial statements of the Group and of the Company have been approved by the Board of Directors and were authorised for issuance on April 25, 2014.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The Group and the Company have current liabilities exceeding current assets by RM1,471,000 and RM7,140,000 respectively as of December 31, 2013. The financial statements of the Group and of the Company have also been prepared on the basis of accounting principles applicable to a going-concern. This going-concern basis presumes that the Group and the Company will be able to operate profitably in the foreseeable future and funds will continue to be made available from shareholders, financiers and creditors, and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. In this connection, the directors are satisfied that the Group and the Company will be able to generate adequate funds to meet their financial obligations as they fall due for the foreseeable future.

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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The financial statements are presented in Ringgit Malaysia ("RM") which represents the functional currency of the Group and of the Company and all financial information presented in RM are rounded to the nearest thousand ("RM'000"), unless otherwise stated.

## 2.1 Adoption of revised MFRSs and Amendments to MFRSs

In the current financial year, the Group and the Company has adopted certain new and revised MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual periods beginning on or after January 1, 2013 as follows:

MFRS 7	Financial Instruments: Disclosures [Amendments relating to Mandatory Effective Date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010) and Transition Disclosures]
MFRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Liabilities)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
MFRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)
	Amendments to MFRSs contained in the document entitled Annual Improvements 2009 - 2011 cycle

The adoption of these new and revised standards and amendments have not affected the amounts reported in the financial statements of the Group and the Company for the current and prior years.

## 2.2 Standards and Issues Committee Interpretations ("IC Int.") in issue but not effective

At the date of authorisation for issue of these financial statements, the new and revised Standards, IC Int. which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) <sup>1</sup>
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) <sup>1</sup>
MFRS 9	Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139) <sup>1</sup>

(Forward)

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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IC Int. 21	Levies <sup>2</sup>
Amendments to MFRS 9 and MFRS 7	Mandatory effective date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures <sup>1</sup>
Amendments to MFRS10, MFRS 12 and MFRS 127	Investment Entities <sup>2</sup>
Amendments to MFRS 119	Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions) <sup>3</sup>
Amendment to MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) <sup>2</sup>
Amendment to MFRS 136	Impairment of Assets (Amendments relating to Recoverable Amount Disclosures for Non-Financial Assets) <sup>2</sup>
Amendment to MFRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting) <sup>2</sup>
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2010 - 2012 Cycle <sup>3</sup>	
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2011 - 2013 Cycle <sup>3</sup>	

<sup>1</sup> The mandatory effective date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) which was for annual periods beginning on or after 1 January 2015 has been removed with the issuance of MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139. The effective date of MFRS 9 will be decided when IASB's IFRS 9 project is closer to completion. However, each version of the MFRS 9 is available for early adoption.

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2014

<sup>3</sup> Effective for annual periods beginning on or after July 1, 2014

The directors anticipate that the abovementioned Standards and IC interpretations will be adopted in the annual financial statements of Group and of the Company when they become effective and that the adoption of these Standards and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON *(Cont'd)*

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### 3. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies below.

#### **Subsidiaries and Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

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Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**Changes in the Group's ownership interests in existing subsidiaries**

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

**Subsidiaries**

Investment in subsidiaries which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (*Cont'd*)

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### **Business Combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

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**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

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Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after 1 January 2012.

**Revenue**

Revenue is measured at the fair value of consideration received or receivable and represent amounts receivable for goods and services provided in the normal course of business net of returns and trade discounts and allowances.



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**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

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The Group and the Company recognise revenue when the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group and the Company, upon satisfying the conditions of the Group's and the Company's activities as set out below.

Contract revenue is the proportion of the total contract value of contracts attributable to work performed determined using the percentage of completion method based on contract costs incurred for work performed to date against the total anticipated costs to completion on the contracts, net of sales tax and discounts.

Revenue from sale of equipment and spare parts, net of discounts is recognised upon delivery of products and when the risks and rewards of ownership have passed.

Revenue from rendering of services of equipment is recognised when services are rendered.

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

#### **Income Tax**

Income tax for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is recognised as an income or an expense and included in profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Deferred tax is provided for, using the "liability" method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits are available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets, if any, is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and reward of ownership to the lessee. All other leases are classified as operating leases.

#### **The Group as lessor**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging on operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### **Employee Benefits**

#### **(i) Short-Term Employee Benefits**

Wages, salaries, bonuses and non-monetary benefits are accrued for in the period in which the associated services are rendered by the employees of the Group and of the Company.

#### **(ii) Defined Contribution Plans**

The Company makes monthly statutory contributions to Employees Provident Fund, a statutory defined contribution plan for all its eligible employees. The Company's contributions, calculated at certain prescribed rates, are charged to profit or loss.

### **Foreign Currency Conversion**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in RM using exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation accumulated in a separate component of equity, shall be reclassified from equity to statements of comprehensive income when the gain or loss on disposal is recognised.

#### **Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation of property, plant and equipment, except for freehold land which is not depreciated, is computed on the straight-line method at the following annual rates based on the estimated useful lives of the depreciable assets:

Freehold building	2%
Computers, furniture and fittings, office and workshop equipment and air conditioners	20% - 30%
Motor vehicles	20%

The residual value, depreciation method and estimated useful life of an asset are reviewed at each financial year-end and, if expectations differ from previous estimates, the changes will be accounted for as a change in an accounting estimate.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the profit or loss for the year.

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON *(Cont'd)*

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**Property, Plant and Equipment Acquired Under Hire-Purchase Arrangements**

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Property, plant and equipment under hire-purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets.

**Investment Properties**

Investment properties are properties held to earn rentals and/or for capital appreciation, or both rather than for use in production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, representing open-market value determined by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. Gains or losses arising from change in fair value of investment properties are recognised in profit or loss in the period in which they arise.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

**Investment in Subsidiary Companies**

Investment in subsidiary companies, which is eliminated on consolidation, is stated at cost less any impairment losses in the separate financial statements of the Company.

**Other Investments**

Other investments consist of investment in golf club memberships. The investment in golf club memberships is stated at cost less allowances for diminution in value of investment to recognise any decline, other than a temporary decline, in the value of the investment.

**Impairment of Assets**

The carrying amounts of property, plant and equipment, investment in subsidiary companies and other investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

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**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

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All impairment losses are recognised in profit or loss, unless the asset is carried at revalued amount, in which case, the impairment loss is treated as a revaluation decrease.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**Inventories**

Inventories are valued at the lower of cost (determined on weighted average method) and net realisable value. The cost comprises the original purchase price plus the cost of bringing these inventories to their present location and condition. Net realisable value is arrived at after considering the allowance for obsolete inventories.

**Contract Work-in-Progress**

When the outcome of a contract work can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

When the outcome of a contract work cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probable of recovery. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately as an allowance for foreseeable loss.

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON *(Cont'd)*

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Amount due from contract customers represents the excess of cost incurred to date and portion of profit or loss attributable to work performed to date over progress billings while amount due to contract customers represents the excess of progress billings over costs incurred to date and portion of profit or loss attributable to work performed to date.

### **Provisions**

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions for estimated expenses related to product free service and warranty are made at the time products are delivered. These estimates are estimated, having regard to service warranty costs experienced over the years. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

### **Financial Instruments**

Financial instruments are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

#### **(i) Financial Assets**

Trade and other receivables, cash and cash equivalents and amount owing by subsidiary companies are measured at initial recognition at fair value, and are subsequently measured at amortised cost less impairment losses, if any.

Available for sale (AFS) financial assets are measured at fair value at the end of the reporting period. Fair value is determined in the manner described in Note 26. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

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**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

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**(ii) Impairment of financial assets**

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been impacted.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

(iii) Derecognition of financial assets

The Group and the Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

**Financial liabilities and equity instruments issued by the Group and the Company**

(a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

(c) Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with FRS 137 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

(d) Financial liabilities

Trade and other payables, bank borrowing and amount owing to related companies, are initially measured at fair value. These financial liabilities are subsequently measured at amortised cost.



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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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**Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

**Cash Flow Statements**

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short term, highly liquid investments that are readily convertible to cash with insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented of bank overdrafts.

**Segment Reporting**

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and returns that are different from those or other business segments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**(i) Critical judgements in applying the Group's and the Company's accounting policies**

In the process of applying the Group's and the Company's accounting policies, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations which are dealt with below).

• **Impairment loss recognised on trade receivables**

The Group assesses at each reporting date whether there is any objective evidence that receivables are 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 trade debtor and default or significant delay in payments.

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (*Cont'd*)

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

(ii) **Key sources of estimation uncertainty**

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as discussed below:

- **Revenue recognition on contracts**

The Group recognises revenue from contracts in profit or loss by using the percentage-of-completion method.

The percentage-of-completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Estimated losses are recognised in full when determined. Contract cost estimates are reviewed and revised periodically as work progresses and as variation orders are approved.

Significant judgement is required in determining the stage of completion, the estimated total contract revenue and costs as well as the recoverability of the project undertaken. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. If the Group is unable to make reasonably dependable estimates, the Group would not recognise any profit before a contract is completed, but would recognise a loss as soon as the loss becomes evident.

Adjustments based on the percentage-of-completion method are reflected in contract revenue in the reporting period. To the extent that these adjustments result in a reduction or elimination of previously reported contract revenue and costs, the Group recognises a charge or credit against current earnings and amounts in prior periods, if any, are not restated.

Note 3 describes the Group's policy to recognise contract revenue using the percentage-of-completion method.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

5. REVENUE

Analysis of revenue of the Group and of the Company is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Contract revenue	13,171	15,907	-	-
Sale of accessories and equipment	2,529	4,104	-	-
Servicing of equipment	1,307	855	-	-
Rental income from investment properties	1,988	2,005	1,988	2,005
Operating lease rental income	11,045	-	11,045	-
	<u>30,040</u>	<u>22,871</u>	<u>13,033</u>	<u>2,005</u>

Operating costs applicable to revenue, classified by nature are as follows:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Contract costs	9,347	11,445	-	-
Other expenses	3,875	5,777	1,096	1,739
Cost of inventories sold	2,192	3,789	-	-
Direct operating expenses related to investment properties	800	613	800	613
Operating lease rental expense	10,516	-	10,516	-
Raw materials and consumables used	1,307	841	-	-
Depreciation of property, plant and equipment (Note 10)	411	461	5	5
Directors' remuneration*	279	354	180	180
Quit rent and assessment	110	87	110	87
Impairment loss recognised on trade receivables	11	87	-	-
Changes in inventories	516	(353)	-	-
Provision for doubtful debt no longer required	(8)	(52)	-	(52)
	<u>29,356</u>	<u>23,049</u>	<u>12,707</u>	<u>2,572</u>

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

\* Directors' remuneration:

The remuneration of the directors, who are also key management personnel is as follows:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Executive directors:				
Company				
- Fees	40	40	40	40
Subsidiary companies				
- Other emoluments	88	156	-	-
- EPF contributions	11	18	-	-
	139	214	40	40
Non-executive directors:				
Company				
- Fees	140	140	140	140
	279	354	180	180

6. FINANCE COSTS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expense on:				
Bank overdrafts	324	371	166	-
Long-term loan	210	263	15	154
Hire-purchase	23	30	-	-
Bankers acceptances	12	103	-	-
	569	767	181	154

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

7. **PROFIT/(LOSS) BEFORE TAX**

Profit/(Loss) before tax of the Group and of the Company is arrived at:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<b>After charging:</b>				
Provision for warranty and free services	161	146	-	-
Audit fee	75	68	25	22
Impairment loss recognised on trade receivables	11	87	-	-
Inventories written off	-	641	-	-
Other investments written off	-	175	-	175
Impairment loss on investment in subsidiary company	-	-	-	292
<b>and crediting:</b>				
Gain on disposal of investment properties	150	245	150	245
Realised gain on foreign exchange	52	234	-	-
Provision for doubtful debts no longer required	8	52	-	52
Interest income from fixed deposits	6	29	-	-
<b>Employee information:</b>				
Staff costs	2,101	2,167	818	560
EPF contributions	254	267	115	73

Staff costs include salaries, bonuses, contributions to Employees Provident Fund ("EPF") and all other staff related expenses.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

8. TAX EXPENSE

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Estimated current tax expense:				
- Current year	301	232	97	50
- Underprovision in prior years	35	22	34	23
	336	254	131	73
Deferred tax expense (Note 14)				
- Current year	(39)	93	-	-
- Overprovision in prior years	(10)	(46)	-	-
	287	301	131	73

A reconciliation of tax expense applicable to profit/(loss) before tax at the applicable statutory income tax rate to tax expense at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit/(Loss) before tax	921	379	301	(129)
Tax at the statutory tax rate of 25%	229	95	75	(32)
Expenses not deductible for tax purposes	89	285	22	160
Income not taxable for tax purposes	-	(79)	-	(78)
Utilisation of deferred tax assets previously not recognised	(56)	(18)	-	-
Deferred tax asset not recognised	-	42	-	-
Underprovision in current tax expense in prior years	35	22	34	23
Overprovision of deferred tax in prior years	(10)	(46)	-	-
Tax expense for the year	287	301	131	73

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**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


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Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Budget 2014 announced on 25 October 2013 reduced the corporate income tax rate from 25% to 24% with effect from year of assessment 2016. Accordingly, the applicable tax rates to be used for the measurement of any applicable deferred tax will be the expected rates.

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax asset are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of December 31, 2013, the estimated amount of temporary differences, unused tax losses and unabsorbed capital allowances for which the net deferred tax asset has not been recognised in the financial statements due to uncertainty of realisation, are as follows:

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Temporary differences in respect of property, plant and equipment	(717)	(727)
Unused tax losses	10,266	10,470
Unabsorbed capital allowances	7	38
	<u>9,556</u>	<u>9,781</u>

The unused tax losses and unabsorbed capital allowances are subject to the approval by the tax authorities and are available for offset against future taxable profit.

As of December 31, 2013, the Group and the Company have tax exempt income amounting to approximately RM4,002,000 (RM4,658,000 in 2012) and RM3,136,000 (RM3,136,000 in 2012) respectively under the Income Tax (Amendment) Act, 1999 which would enable the Company and the respective subsidiary companies to distribute tax exempt dividends up to the same amount.

As of December 31, 2013, the Group and the Company have tax exempt income amounting to approximately RM4,220,000 (RM4,222,000 in 2012) and RM4,000,000 (RM4,000,000 in 2012) respectively under the Promotion of Investment Act, 1986 which would enable the Company and the subsidiary company to distribute tax exempt dividends up to the same amount.

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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**9. BASIC EARNINGS PER ORDINARY SHARE**

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit for the year attributable to ordinary shareholders of the Company	<u>592</u>	<u>20</u>
Weighted average number of ordinary shares in issue ('000)	<u>421,600</u>	<u>403,267</u>
Basic earnings per ordinary share (sen)	<u>0.140</u>	<u>0.005</u>

The basic earnings per ordinary share is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company of RM592,000 (RM20,000 in 2012) by the weighted average number of ordinary shares in issue during the year of 421,600,000 (403,267,000 in 2012).



OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIVE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

10. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM'000	Freehold building RM'000	Computers, furniture and fittings, office and workshop equipment and air conditioners RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>					
As of 1.1.2012	1,820	7,356	3,579	1,142	13,897
Additions	-	37	236	-	273
Disposal	-	-	(3,086)	(78)	(3,164)
As of 31.12.2012/1.1.2013	1,820	7,393	729	1,064	11,006
Additions	-	-	18	3	21
Disposal	-	-	-	(4)	(4)
As of 31.12.2013	1,820	7,393	747	1,064	11,023

(Forward)

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

The Group	Freehold land RM'000	Freehold building RM'000	Computers, furniture and fittings, office and workshop equipment and air conditioners RM'000	Motor vehicles RM'000	Total RM'000
<b>Accumulated Depreciation</b>					
As of 1.1.2012	-	2,283	3,434	470	6,187
Charge for the year	-	148	104	209	461
Disposal	-	-	(3,086)	(78)	(3,164)
As of 31.12.2012/1.1.2013	-	2,431	452	601	3,484
Charge for the year	-	148	90	173	411
Disposal	-	-	-	(4)	(4)
As of 31.12.2013		2,579	542	770	3,891
<b>Net Book Value</b>					
As of 31.12.2013	1,820	4,814	205	294	7,132
As of 31.12.2012	1,820	4,962	277	463	7,522

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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The freehold land and building of the Group registered under a subsidiary company have been charged to a local bank for credit facilities granted to the said subsidiary company as mentioned in Note 24.

Included in property, plant and equipment of the Group are the following fully depreciated property, plant and equipment which are still in use:

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:		
Computers, furniture and fittings, and air-conditioners	273	94
Motor vehicles	291	71
	564	165

**The Company**

	<b>Furniture, fittings and computer equipment RM'000</b>
<b>Costs</b>	
As of January 1, 2012	17
Additions	2
As of December 31, 2012/January 1, 2013	19
Additions	-
As of December 31, 2013	19
<b>Accumulated Depreciation</b>	
As of January 1, 2012	6
Charge for the year	5
As of December 31, 2012/January 1, 2013	11
Charge for the year	5
As of December 31, 2013	16
<b>Net Book Value</b>	
As of December 31, 2013	3
As of December 31, 2012	8

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON *(Cont'd)*

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Included in property, plant and equipment of the Group are the following assets acquired under hire-purchase arrangements:

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Net book value:		
Motor vehicles	213	463

#### 11. INVESTMENT PROPERTIES

	<b>The Group and The Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of the year	37,720	37,720
Reclassified as assets held for sale (Note 19)	(1,770)	-
Addition during the year	6,000	-
At end of the year	41,950	37,720
Fair value	41,950	37,720

The fair values of the investment properties were determined by the directors by reference to evidence of transaction prices of similar properties. As of December 31, 2013, the directors of the Group also assessed the current market prices of properties of similar conditions and locations and the directors are of the view that the carrying amounts of the investment properties of the Group approximate their current fair values.

Certain investment properties of the Company are charged as securities for banking facilities as mentioned in Note 24.

The rental income and direct operating expenses related to investment properties are disclosed in Note 5.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

12. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2013 RM'000	2012 RM'000
Unquoted shares, at cost	9,277	9,277
Less: Accumulated impairment loss	<u>(1,792)</u>	<u>(1,792)</u>
At end of the year	<u>7,485</u>	<u>7,485</u>

The subsidiary companies, all incorporated in Malaysia, are as follows:

Companies	Effective Percentage of Ownership		Principal Activities
	2013 %	2012 %	
CME Industries Sdn Bhd	100	100	Servicing of fire fighting and specialist vehicles and sale of related spare parts
CME Edaran Sdn Bhd	100	100	Sale and servicing of fire fighting equipment and specialist vehicles and sale of related spare parts
CME Technologies Sdn Bhd	100	100	Manufacturing and sale of fire fighting equipment and fire engines
CME Properties Sdn Bhd	100	100	Dormant
CME Pyroshield Sdn Bhd	76	76	Trading of pyroshield gas and accessories

Amounts owing by/(to) subsidiary companies which arose mainly from advances to/(by) and payments made on behalf for/(by) its wholly-owned subsidiary companies, are unsecured, interest-free and repayable on demand.

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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**13. OTHER FINANCIAL ASSETS**

**Available for sale investment carried at fair value**

	<b>The Group and The Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
At the beginning of the year	891	904
Fair value loss recognised directly in reserve	<u>(399)</u>	<u>(13)</u>
At end of the year	<u>492</u>	<u>891</u>

Available for sale financial assets represents investments in quoted equity shares outside Malaysia and are denominated in Australian dollar. It has no fixed maturity date or coupon rate. The fair value is based on quoted market prices.

**14. DEFERRED TAX ASSET**

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	11	58
Transfer from/(to) profit or loss (Note 8)	<u>49</u>	<u>(47)</u>
At end of year	<u>60</u>	<u>11</u>

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

The deferred tax asset arose from the tax effect of the following:

	<b>Deferred Tax Asset</b>	
	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Temporary difference in respect of:		
Property, plant and equipment	(3)	(39)
Other payables, accrued expenses and provisions	<u>63</u>	<u>50</u>
At end of year	<u>60</u>	<u>11</u>

15. **INVENTORIES**

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:		
Trading merchandise	<u>1,050</u>	<u>1,566</u>

16. **AMOUNT DUE FROM CONTRACT CUSTOMERS**

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Contract costs incurred plus recognised profits	8,980	22,991
Less: Progress billings	<u>(7,938)</u>	<u>(21,409)</u>
Net amount due from contract customers	<u>1,042</u>	<u>1,582</u>

Included in contract costs incurred is an amount of RM1,165,000 related to a agreement entered by the Group with Semambu Engineering Sdn. Bhd. (SESB) on June 5, 2012 for the production and marketing of vehicles.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

17. **TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES**

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Trade receivables	12,001	2,336	7,632	767
Less: Allowance for doubtful debts	(705)	(702)	(401)	(401)
Net	11,296	1,634	7,231	366

Trade receivables comprise amounts receivable from the sale of goods and income from renting property. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The credit period granted by the Group and the Company ranges from 30 days to 90 days (2012: 30 days to 90 days). Interest on late payment is charged at the bank's base lending rate by the Company whilst no interest on late payment is charged by the subsidiary companies.

Ageing analysis of trade receivables

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

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	562	794	1,404	151
Past due but not impaired	10,734	840	5,827	215
Past due and impaired	705	702	401	401
	12,001	2,336	7,632	767

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM10,734,000 (2012: RM840,000) and RM5,827,000 (2012: RM215,000) respectively that are past due at the reporting date but not impaired for which the Group and the Company have not made any allowances as there has not been a significant change in the credit quality and the amounts are still considered recoverable. The Group and the Company do not hold any collateral or other credit enhancement over these balances nor do they have a legal right of set-off against any amounts owed by the Group and the Company to the counterparty.



OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

**Receivables that are impaired**

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
At beginning of year	702	667	401	453
Charge for the year	11	87	-	-
Provision no longer required	(8)	(52)	-	(52)
At end of year	<u>705</u>	<u>702</u>	<u>401</u>	<u>401</u>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

The currency exposure profile of trade receivables is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	11,778	2,301	7,632	767
United States Dollar	223	35	-	-
	<u>12,001</u>	<u>2,336</u>	<u>7,632</u>	<u>767</u>

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Other receivables	155	207	-	-
Prepaid expenses	36	-	-	-
Refundable deposits	3,511	371	3,395	95
	<u>3,702</u>	<u>578</u>	<u>3,395</u>	<u>95</u>

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

18. **FIXED DEPOSITS WITH LICENSED BANKS**

	The Group	
	2013 RM'000	2012 RM'000
Fixed deposits with licensed banks	-	215

Fixed deposits with licensed banks of the Group had been pledged to a local bank by a subsidiary company in the previous year for a short term project loan and bank guarantee facilities granted to a said subsidiary company as mentioned in Note 24.

The average effective interest rate was as follows:

	The Group	
	2013 % p.a	2012 % p.a
Fixed deposits with licensed banks	-	3.2

Fixed deposits of the Group had a maturity period of 365 days in the previous year.

19. **ASSETS CLASSIFIED AS HELD FOR SALE**

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At beginning of year	1,510	3,870	1,510	3,870
Transfer from investment properties (Note 11)	1,770	1,510	1,770	-
Disposals	(1,180)	(2,360)	(1,180)	(2,360)
	<u>2,100</u>	<u>1,510</u>	<u>2,100</u>	<u>1,510</u>

The Company entered into sale and purchase agreements to dispose of certain investment properties amounting to RM1,770,000 (2012: RMNil) which have been reclassified as assets classified as held for sale under current assets. As of 31 December 2013, the sale and purchase agreements to dispose of certain investment properties amounting to RM2,100,000 (2012: RM1,510,000) are still pending fulfillment of the conditions precedent stipulated therein.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

20. **SHARE CAPITAL**

Share capital is represented by:

	<b>The Group and The Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Authorised:</b>		
500,000,000 ordinary shares of RM0.10 each	<u>50,000</u>	<u>50,000</u>
<b>Issued and fully paid-up:</b>		
401,100,000 ordinary shares of RM0.10 each:		
As of beginning of year	40,510	40,110
Issue of 36,000,000 (2012: 4,000,000) ordinary shares of RM0.10 each	<u>3,600</u>	<u>400</u>
As of end of year	<u>44,110</u>	<u>40,510</u>

During the current financial year, the issued and paid-up ordinary share capital of the Company was increased from RM40,510,000 comprising 405,100,000 ordinary shares of RM0.10 each to RM44,110,000 comprising 441,100,000 ordinary shares of RM0.10 each by the issuance of 36,000,000 new ordinary shares of RM0.10 each in the Company at par for cash for working capital purposes.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

21. **HIRE-PURCHASE PAYABLES**

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Total outstanding</b>	463	584
Less: Interest-in-suspense	<u>(65)</u>	<u>(76)</u>
<b>Total principal outstanding</b>	398	508
Less: Portion due within one year included under current liabilities	<u>(78)</u>	<u>(108)</u>
<b>Non-current portion</b>	<u>320</u>	<u>400</u>

The interest rates implicit in these hire-purchase obligations range from 4.84% to 6.28% (2012: 4.84% to 6.96%) per annum. The non-current portion of the hire-purchase obligations of the Group is repayable as follows:

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

	The Group	
	2013 RM'000	2012 RM'000
Financial years ending:		
2014	-	80
2015	63	63
2016	66	66
2017 and thereafter	191	191
	<u>320</u>	<u>400</u>

## 22. LONG-TERM LOAN

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total principal outstanding	3,666	1,353	226	368
Less: Portion due within one year included under bank borrowings (Note 24)	<u>(564)</u>	<u>(343)</u>	<u>(151)</u>	<u>(139)</u>
Non-current portion	<u>3,102</u>	<u>1,010</u>	<u>75</u>	<u>229</u>

The non-current portion of this long-term loan is repayable as follows:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Financial years ending:				
2014	447	371	-	151
2015	559	639	75	78
2016 and thereafter	<u>2,096</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,102</u>	<u>1,010</u>	<u>75</u>	<u>229</u>

The details of the long-term loan are disclosed in Note 24.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

**23. TRADE PAYABLES, OTHER PAYABLES, ACCRUED EXPENSES AND PROVISIONS**

- (a) Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period granted to the Group for trade purchases ranges from 30 to 60 days (30 to 60 days in 2012).

The currency exposure profile of trade payables is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	7,708	524	6,593	-
US Dollar	17	5	-	-
Sterling Pound	4	16	-	-
SGD	1	-	-	-
Euro	5	-	-	-
	<u>7,735</u>	<u>545</u>	<u>6,593</u>	<u>-</u>

- (b) Other payables, accrued expenses and provisions consist of:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Other payables	1,129	1,431	884	963
Provisions (c)	256	95	-	-
Accrued expenses	860	1,042	371	427
Rental deposits	4,232	976	4,299	976
	<u>6,477</u>	<u>3,544</u>	<u>5,554</u>	<u>2,366</u>

Included in other payables of the Group and the Company is an amount outstanding for the purchase of investment properties amounting to RM854,998 (2012: RM899,848).

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

## (c) Provisions:

	<b>The Group</b>			
	<b>Warranty RM'000</b>	<b>Free Service RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Balance as of January 1, 2012	168	101	2	271
Additional provisions	81	65	-	146
Utilised during the year	<u>(160)</u>	<u>(162)</u>	<u>-</u>	<u>(322)</u>
Balance as of December 31, 2012/January 1, 2013	89	4	2	95
Additional provisions	282	153	-	435
Utilised during the year	<u>(215)</u>	<u>(57)</u>	<u>(2)</u>	<u>(274)</u>
Balance as of December 31, 2013	<u>156</u>	<u>100</u>	<u>-</u>	<u>256</u>

## 24. BANK BORROWINGS

	<b>The Group</b>		<b>The Company</b>	
	<b>2013 RM'000</b>	<b>2012 RM'000</b>	<b>2013 RM'000</b>	<b>2012 RM'000</b>
Long-term loan - current portion (Note 22)	564	343	151	139
Bank overdrafts (Note 25)	4,307	4,506	-	-
Trust receipts/Bankers' acceptances	1,954	2,263	-	-
Short term project loan	<u>-</u>	<u>353</u>	<u>-</u>	<u>-</u>
	<u>6,825</u>	<u>7,465</u>	<u>151</u>	<u>139</u>

The long-term loan of the Company has an effective interest rate of 7.75% per annum (2012: 7.75%) and is repayable in 120 equal monthly installments of RM13,769 each commencing on December 2004. The long-term loan is secured by a first legal charge over three units of 3-storey shop office of the Company included under investment properties as mentioned in Note 11.

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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### Subsidiary Companies

The subsidiary companies have credit facilities consisting of long-term loan, bank overdraft, trade financing, trust receipts and bank guarantee facilities totalling RM14.57 million (2012: RM12 million) from four local banks. These facilities are secured by the following:

- (a) a corporate guarantee by the Company;
- (b) a negative pledge on assets of the subsidiary companies; and
- (c) a charge over the freehold land and building of a subsidiary company as mentioned in Note 10.

The overdraft and trade financing facilities granted to the subsidiary companies bear interest at 8% (2012: 8%) per annum.

## 25. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Fixed deposits with licensed banks	-	215	-	-
Cash and bank balances	347	486	26	67
Bank overdrafts (Note 24)	(4,307)	(4,506)	-	-
	(3,960)	(3,805)	26	67
Less: Fixed deposits pledged (Note 18)	-	(215)	-	-
	(3,960)	(4,020)	26	67

## 26. FINANCIAL INSTRUMENTS

### Capital Risk Management Policies and Procedures

The primary objective of Group and the the Company's capital management is to ensure that a strong credit rating and healthy capital ratios are maintained in order to support their business and maximise shareholder's value.

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (*Cont'd*)

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The Group and the Company manage the capital structure and make adjustments to it in light of changes in economic conditions. The capital structure of the Group and the Company comprises issued capital and retained earnings. The Group and the Company are not subject to any externally imposed capital requirements.

#### **Financial Risk Management Objectives and Policies**

The operations of the Group and the Company are subject to a variety of financial risks, including interest rate risk, credit risk, liquidity risk, cash flow risk and foreign currency risk. The Group and the Company's principal objective is to minimise the exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and the Company.

Various risk management policies are made and approved by the management for observation in the day-to-day operations for the control and management of the risks associated with financial instruments.

##### **(i) Interest rate risk**

The Group's interest rate risk relates to interest-bearing debts. The Group manages its interest rate risk by actively reviewing its debt portfolio. This strategy will allow the Group to capitalise on more favourable funding in a low interest rate environment and hence, to achieve a certain level of protection against interest rate hikes.

The Group is mainly exposed to interest rate risk through long-term loans at 7.75% (2012: 7.75%) per annum. The Group's exposure to interest rate risk via hire-purchase is minimal as these liabilities are subject to fixed interest rate.

Under the current stable interest rate environment, management anticipates that any changes in interest rate in the near term are not expected to have a significant impact on the Group's profit or loss. Accordingly, no sensitivity analysis is prepared.

##### **(ii) Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate the major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.



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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON *(Cont'd)*

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The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of receivables and cash and cash equivalents recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(ii) **Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group and Company's short, medium and long-term funding and liquidity management requirements. The Group and Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the liquidity analysis for its financial assets and liabilities, based on the contractual maturity of these financial instruments. The tables have been drawn up based on:

- the undiscounted cash flows of financial assets based on the earliest contractual date on which the Group can be expected to receive; and
- the undiscounted cash flows of financial liabilities based on the earliest contractual date on which the Group can be required to pay

The inclusion of analysis of financial assets is necessary in order to understand the Group's liquidity risk management as liquidity is managed on a net asset and liability basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the fair value as of the statements of financial position date.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

	←————— The Group —————→					Total RM'000
	Weighted average effective interest %	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 year RM'000	More than 1 year RM'000	
<b>2013</b>						
<b>Financial assets</b>						
Non-interest bearing:						
Cash and bank balances		347	-	-	-	347
Trade and other receivables		11,487	-	-	-	11,487
Amount due from contract customers		1,042	-	-	-	1,042
Assets classified as held for sale		-	-	2,100	-	2,100
<b>Total Financial Assets</b>		<b>12,876</b>	<b>-</b>	<b>2,100</b>	<b>-</b>	<b>14,976</b>
<b>Financial liabilities</b>						
Non-interest bearing:						
Trade and other payables		9,724	-	-	4,232	13,956
Interest bearing:						
Long-term loan and bank borrowings		70	141	634	4,157	5,003
Hire purchase	4.84	8	16	71	369	463
		78	157	705	4,526	5,466
<b>Total Financial Liabilities</b>		<b>9,802</b>	<b>157</b>	<b>705</b>	<b>8,758</b>	<b>19,422</b>

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

	← The Group →					Total RM'000
	Weighted average effective interest %	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 year RM'000	More than 1 year RM'000	
<b>2012</b>						
<b>Financial assets</b>						
<b>Non-interest bearing:</b>						
Cash and bank balances		486	-	-	-	486
Trade and other receivables		1,841	-	-	-	1,841
Amount due from contract customers		1,582	-	-	-	1,582
Assets classified as held for sale		-	-	1,510	-	1,510
		<u>3,909</u>	<u>-</u>	<u>1,510</u>	<u>-</u>	<u>5,419</u>
<b>Interest bearing:</b>						
Fixed deposits with licensed banks	3.2	-	-	-	215	215
<b>Total Financial Assets</b>		<u>3,909</u>	<u>-</u>	<u>1,510</u>	<u>215</u>	<u>5,634</u>
<b>Financial liabilities</b>						
<b>Non-interest bearing:</b>						
Trade and other payables		3,018	-	-	976	3,994
<b>Interest bearing:</b>						
Long-term loan and bank borrowings	7.95	37	73	7,450	1,128	8,688
Hire purchase	4.84	13	27	88	456	584
		<u>50</u>	<u>100</u>	<u>7,538</u>	<u>1,584</u>	<u>9,272</u>
<b>Total Financial Liabilities</b>		<u>3,068</u>	<u>100</u>	<u>7,538</u>	<u>2,560</u>	<u>13,266</u>

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

	←—————The Company—————→					Total RM'000
	Weighted average effective interest %	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 year RM'000	More than 1 year RM'000	
<b>2013</b>						
<b>Financial assets</b>						
Non-interest bearing:						
Cash and bank balances		26	-	-	-	26
Trade and other receivables		7,231	-	-	-	7,231
Amount owing by subsidiary companies		21,986	-	-	-	21,986
Assets classified as held for sale		-	-	2,100	-	2,100
<b>Total Financial Assets</b>		<b>29,243</b>	<b>-</b>	<b>2,100</b>	<b>-</b>	<b>31,343</b>
<b>Financial liabilities</b>						
Non-interest bearing:						
Trade and other payables		7,848	-	-	4,299	12,147
Amount owing to subsidiary companies		29,465	-	-	-	29,465
		<b>37,313</b>	<b>-</b>	<b>-</b>	<b>4,299</b>	<b>41,612</b>
Interest bearing:						
Long-term loan and bank borrowings	7.80	14	27	123	244	408
<b>Total Financial Liabilities</b>		<b>37,327</b>	<b>27</b>	<b>123</b>	<b>4,543</b>	<b>42,020</b>

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

	←—————The Company—————→					Total RM'000
	Weighted average effective interest	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 year RM'000	More than 1 year RM'000	
<b>2012</b>						
<b>Financial assets</b>						
<b>Non-interest bearing:</b>						
Cash and bank balances		67	-	-	-	67
Trade and other receivables		366	-	-	-	366
Amount owing by subsidiary companies		25,184	-	-	-	25,184
Assets classified as held for sale		-	-	1,510	-	1,510
<b>Total Financial Assets</b>		<b>25,617</b>	<b>-</b>	<b>1,510</b>	<b>-</b>	<b>27,127</b>
<b>Financial liabilities</b>						
<b>Non-interest bearing:</b>						
Trade and other payables		963	-	-	976	1,939
Amount owing to subsidiary companies		31,201	-	-	-	31,201
		<b>32,164</b>	<b>-</b>	<b>-</b>	<b>976</b>	<b>33,140</b>
<b>Interest bearing:</b>						
Long-term loan and bank borrowings	7.80%	14	27	123	80	244
<b>Total Financial Liabilities</b>		<b>32,178</b>	<b>27</b>	<b>123</b>	<b>1,056</b>	<b>33,384</b>

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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**(iv) Financial guarantees**

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by them.

The maximum exposure to credit risk amounted to RM10.3 million (2012: RM8.7 million) representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiary companies' borrowings in view of the securities pledged by the subsidiary companies as disclosed in Note 29.

**(v) Foreign currency risk**

The Group has exposure to foreign currency risk as a result of its trade transactions. The currencies giving rise to this risk are United States (USD). Foreign exchange exposures in transactional currencies other than the functional currency of the operating entities are kept to an acceptable level.

**Foreign currency sensitivity analysis**

The Group and the Company are mainly exposed to the currency of United States (USD).

The following table details the Group's sensitivity to a 10% increase and decrease in the RM against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the RM strengthens 10% against the relevant currency. For a 10% weakening of the RM against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	<b>Impact of United States (USD)</b>	
	<b>2013 RM'000</b>	<b>2012 RM'000</b>
Profit or loss	<u>20</u>	<u>2</u>

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the year.

(vi) Categories of financial instruments

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Available for sale</b>				
Other financial assets	492	891	492	891
	492	891	492	891
<b>Loan and receivables:</b>				
Trade receivables	11,296	1,634	7,231	366
Other receivables and deposits	3,666	578	3,395	95
Amount owing by subsidiary company	-	-	21,986	25,184
Fixed deposits with licensed banks	-	215	-	-
Cash and bank balances	347	486	26	67
	15,309	2,913	32,638	25,712
	15,801	3,804	33,130	26,603
<b>Financial liabilities at amortised costs</b>				
Hire-purchase payables- non current	320	400	-	-
Long-term loan - non current portion	3,102	1,010	75	229
Trade payables	7,735	545	6,593	-
Other payables, accrued expenses and provision	6,221	3,449	5,554	2,366
Amount owing to subsidiary companies	-	-	29,465	31,201
Hire-purchase payables- current portion	78	108	-	-
Bank borrowings	6,825	7,465	151	139
	24,281	12,977	41,838	33,935

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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(vii) **Fair Values of Financial Assets and Financial Liabilities**

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amounts derived from such methods and valuation techniques are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of the amounts estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amounts of the various financial assets and financial liabilities shown in the statements of financial position approximate their fair values.

The fair values of the financial assets and financial liabilities reported in the statements of financial position approximate the carrying amounts of those assets and liabilities because of the immediate or short-term maturity of these financial instruments, other than the following:

	Carrying Amount		Fair Value	
	2013	2012	2013	2012
The Group	RM'000	RM'000	RM'000	RM'000
<b>Financial Liabilities</b>				
Hire-purchase payables (Note 21)	398	508	404	517
Long-term loan (Note 22)	<u>3,666</u>	<u>1,353</u>	<u>3,672</u>	<u>1,360</u>

	Carrying Amount		Fair Value	
	2013	2012	2013	2012
The Company	RM'000	RM'000	RM'000	RM'000
<b>Financial Liability</b>				
Long-term loan (Note 22)	<u>226</u>	<u>368</u>	<u>218</u>	<u>370</u>

The fair values of long-term loan and hire-purchase payables are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

**Other Investment**

The market value of other investments as at the end of the reporting period represents their fair value.



OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

**Investment Properties**

<b>The Company</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>
Fair value as at 31.12.2013	<u>-</u>	<u>-</u>	<u>41,950</u>
Fair value as at 31.12.2012	<u>-</u>	<u>-</u>	<u>41,950</u>

***Cash and cash equivalents, trade and other receivables, trade and other payables, intercompanies indebtedness and bank borrowings***

The carrying amounts approximate fair value because of the short maturity of these assets and liabilities.

**Fair value measurements recognised in the statements of financial position**

The Group and the Company adopt the following hierarchy for determining and disclosing fair values of financial instruments:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between hierarchies in both years. The fair value of marketable securities has been determined by reference to quoted prices in an active market for identical assets at the close of the reporting date (level 1). The Group and the Company have no financial assets with fair value determined at levels 2 & 3.

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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**27. RELATED PARTY TRANSACTIONS**

Included under the following accounts are significant outstanding balances arising from non-trade transactions with related parties.

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Other receivables (Note 17)</b>		
Advances to Non-controlling interest	41	-
<b>Other payables (Note 23)</b>		
Advances from Non-controlling interest	-	260
Advances from a director of Non-controlling interest	49	92
	<u>49</u>	<u>92</u>

**28. SEGMENTAL REPORTING**

For management purposes, the Group is organised into the following operating divisions:

- Manufacturing
- Trading
- Investment holding
- Others (consist of subsidiary companies which are dormant)

Inter-segment sales are charged at cost plus a percentage profit mark-up.

## APPENDIX IV

## OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

2013	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	13,034	14,478	2,528	-	-	30,040
Inter-segment sales	-	4,906	1,916	-	(6,822)	-
<b>Total revenue</b>	<b>13,034</b>	<b>19,384</b>	<b>4,444</b>	<b>-</b>	<b>(6,822)</b>	<b>30,040</b>
<b>Results</b>						
Segment result	482	762	226	19	-	1,489
Finance costs	(181)	(368)	(20)	-	-	(569)
Investment revenue	-	-	-	-	-	-
Profit before tax	301	394	206	20	-	921
Tax expenses	(131)	(141)	(16)	-	-	(287)
<b>Profit for the year</b>	<b>170</b>	<b>253</b>	<b>190</b>	<b>20</b>	<b>-</b>	<b>633</b>

(Forward)

## APPENDIX IV

## OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

2013	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Other information</b>						
Capital additions	-	9	7	5	-	21
Depreciation of property, plant and equipment	4	135	271	1	-	411
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segment assets	84,176	48,401	14,295	4,169	(82,046)	68,995
Other investments	492	-	-	-	-	492
<b>Consolidated total assets</b>	<b>84,668</b>	<b>48,401</b>	<b>14,295</b>	<b>4,169</b>	<b>(82,046)</b>	<b>69,487</b>
<b>Liabilities</b>						
Segment liabilities	41,953	28,949	24,344	4,061	(74,561)	24,746

## APPENDIX IV

## OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

2012	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	2,005	17,670	3,196	-	-	22,871
Inter-segment sales	-	7,327	1,817	-	(9,144)	-
<b>Total revenue</b>	<b>2,005</b>	<b>24,997</b>	<b>5,013</b>	<b>-</b>	<b>(9,144)</b>	<b>22,871</b>
<b>Results</b>						
Segment result	25	574	251	5	291	1,146
<b>Finance costs</b>	<b>(154)</b>	<b>(583)</b>	<b>(30)</b>	<b>-</b>	<b>-</b>	<b>(767)</b>
<b>Investment revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit before tax</b>	<b>(129)</b>	<b>(9)</b>	<b>221</b>	<b>5</b>	<b>291</b>	<b>379</b>
<b>Tax expenses</b>	<b>(73)</b>	<b>(140)</b>	<b>(88)</b>	<b>-</b>	<b>-</b>	<b>(301)</b>
<b>Profit for the year</b>	<b>(202)</b>	<b>(149)</b>	<b>133</b>	<b>5</b>	<b>291</b>	<b>78</b>

(Forward)

70

## APPENDIX IV

## OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

2012	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Other information</b>						
Capital additions	-	223	50	-	-	273
Depreciation of property, plant and equipment	-	176	274	11	-	461
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segment assets	72,435	48,348	15,637	4,906	(88,102)	53,224
Other investments	891	-	-	-	-	891
<b>Consolidated total assets</b>	<b>73,326</b>	<b>48,348</b>	<b>15,637</b>	<b>4,906</b>	<b>(88,102)</b>	<b>54,115</b>
<b>Liabilities</b>						
Segment liabilities	33,982	29,150	25,876	4,818	(80,617)	13,209

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

**29. SUPPLEMENTARY INFORMATION ON BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES**

On March 25, 2010 Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On December 20, 2010 Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings/(accumulated losses) of the Group and of the Company as of December 31, 2013 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total retained earnings/ (accumulated losses) of the Company and its subsidiaries				
- Realised	1,746	389	(229)	(215)
- Unrealised	(257)	-	-	-
	1,489	389	(229)	(215)
Less: Consolidation Adjustments	(1,060)	(552)	-	-
Total Group retained earnings/ (accumulated losses) as of December 31, 2013	429	(163)	(229)	(215)

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010. A charge or a credit to the profit or loss of a legal entity is deemed realised when it results from the consumption of resources of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resources, such credit or charge should not be deemed as realised until the consumption of resources could be demonstrated.

This supplementary information has been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia Securities Berhad and is not made for any other purposes.

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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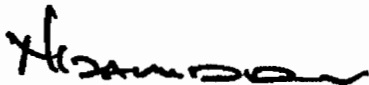
**CME GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

The directors of **CME GROUP. BHD.** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of December 31, 2013 and of the financial performance and the cash flows of the Company for the year ended on that date

The supplementary information set out in Note 29, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 'Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements' as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution  
of the Directors,



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**TUNKU NIZAMUDDIN BIN**  
**TUNKU DATO' SERI SHAHABUDDIN**



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**LIM BEE HONG**

Petaling Jaya,  
April 25, 2014



OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

**CME GROUP BERHAD**  
(Incorporated in Malaysia)

**DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE  
FINANCIAL MANAGEMENT OF THE COMPANY**

I, **LIM BEE HONG**, the director primarily responsible for the financial management of **CME GROUP BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

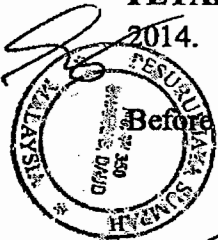


**LIM BEE HONG**

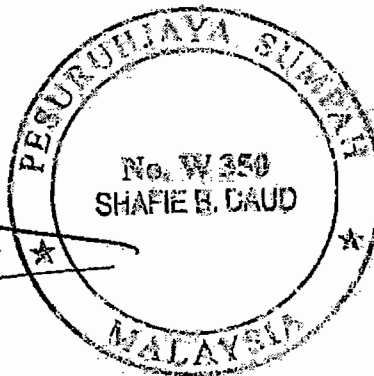
Subscribed and solemnly declared by the  
abovenamed **LIM BEE HONG** at  
~~PETALING JAYA~~ this 25th day of April,  
2014.

Before me,

**KUALA LUMPUR**



**COMMISSIONER FOR OATHS**



33A, JALAN TAN MONG POAD 1,  
TAMAN TUN DR. ISMAIL,  
60000 KUALA LUMPUR

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH  
FPE 30 JUNE 2014**



**CME GROUP BERHAD**

*(Company No. 52235-K)  
(Incorporated in Malaysia)*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF 30 JUNE 2014**  
*(The figures have not been audited)*

	<b>Unaudited At 30/6/2014 RM '000</b>	<b>Audited At 31/12/2013 RM '000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	7,306	7,132
Investment properties	42,870	44,050
Other financial assets	2,663	492
Deferred tax assets	60	60
<b>TOTAL NON-CURRENT ASSETS</b>	<b>52,899</b>	<b>51,734</b>
<b>CURRENT ASSETS</b>		
Inventories	856	1,050
Amount due from contract customers	1,445	1,042
Trade receivables and other receivables	18,159	14,998
Tax recoverable	325	316
Cash and bank balances	400	347
<b>TOTAL CURRENT ASSETS</b>	<b>21,185</b>	<b>17,753</b>
<b>TOTAL ASSETS</b>	<b>74,084</b>	<b>69,487</b>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Issued capital	44,110	44,110
Reserves	595	437
<b>Equity attributable to equity holders of the Company</b>	<b>44,705</b>	<b>44,547</b>
<b>Non-controlling interests</b>	<b>186</b>	<b>194</b>
<b>TOTAL EQUITY</b>	<b>44,891</b>	<b>44,741</b>
<b>NON-CURRENT LIABILITIES</b>		
Hire-purchase payables	528	320
Long-term loan	3,127	3,102
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3,655</b>	<b>3,422</b>
<b>CURRENT LIABILITIES</b>		
Amount due to contract customers	974	-
Trade payables and other payables	18,915	14,212
Hire-purchase payables	115	78
Bank borrowings	5,314	6,825
Tax liabilities	220	209
<b>TOTAL CURRENT LIABILITIES</b>	<b>25,538</b>	<b>21,324</b>
<b>TOTAL LIABILITIES</b>	<b>29,193</b>	<b>24,746</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>74,084</b>	<b>69,487</b>
<b>Net Tangible Assets Per RM0.10 Share</b>	<b>0.102</b>	<b>0.101</b>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statement for the year ended 31 December 2013 and the explanatory notes attached to the interim financial report.)*

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (Cont'd)**



**CME GROUP BERHAD**

(Company No. 52235-K)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE CURRENT QUARTER AND CUMULATIVE 6-MONTH PERIOD ENDED 30 JUNE 2014**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current year quarter 30/06/2014 (RM '000)	Preceding year corresponding quarter 30/06/2013 (RM '000)	Current Year-to-date 30/06/2014 (RM '000)	Preceding year corresponding period 30/06/2013 (RM '000)
Revenue	5,015	5,717	12,267	12,089
Cost of sales	(3,783)	(4,261)	(9,501)	(8,852)
<b>Gross profit</b>	<b>1,232</b>	<b>1,456</b>	<b>2,766</b>	<b>3,237</b>
Investment revenue	-	-	-	-
Other gains	338	25	318	190
Administrative expenses	(1,215)	(1,049)	(2,323)	(2,278)
Other expenses	(201)	(249)	(389)	(433)
Finance costs	(106)	(112)	(186)	(217)
<b>Profit before tax</b>	<b>48</b>	<b>71</b>	<b>186</b>	<b>499</b>
Income tax expense	-	(1)	(36)	(125)
<b>Profit for the period</b>	<b>48</b>	<b>70</b>	<b>150</b>	<b>374</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>48</b>	<b>70</b>	<b>150</b>	<b>374</b>
Profit for the period attributable to:-				
Equity holders of the Company	86	70	158	374
Non-controlling interests	(38)	-	(8)	-
	<b>48</b>	<b>70</b>	<b>150</b>	<b>374</b>
Total comprehensive income attributable to:-				
Equity holders of the Company	86	70	158	374
Non-controlling interests	(38)	-	(8)	-
	<b>48</b>	<b>70</b>	<b>150</b>	<b>374</b>
Earnings per share (sen)				
- Basic	0.019	0.016	0.034	0.085
- Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit Or Loss And Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statement for the year ended 31 December 2013 and the explanatory notes attached to the interim financial report.)

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (Cont'd)**



**CME GROUP BERHAD**

(Company No. 52235-K)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2014**  
(The figures have not been audited)

	Issued Capital	Retained earnings/ (Accumulated losses)	Non- distributable reserves–Fair value reserve	Equity attributable to equity holders of the Company RM'000	Non- controlling Interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2013	40,510	(163)	406	40,753	153	40,906
Total comprehensive income for the year	-	593	(399)	194	41	235
Issuance of ordinary shares	3,600	-	-	3,600	-	3,600
<b>Balance as at 31 December 2013</b>	<b>44,110</b>	<b>430</b>	<b>7</b>	<b>44,547</b>	<b>194</b>	<b>44,741</b>
Total comprehensive income for the period	-	158	-	158	(8)	150
<b>Balance as at 30 June 2014</b>	<b>44,110</b>	<b>588</b>	<b>7</b>	<b>44,705</b>	<b>186</b>	<b>44,891</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statement for the year ended 31 December 2013 and the explanatory notes attached to the interim financial report.)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2014**  
(The figures have not been audited)

	Current year-to-date 30/06/2014 RM'000	Preceding year corresponding year-to-date 30/06/2013 RM'000
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Profit for the period	150	374
Adjustments for:		
Depreciation of property, plant and equipment	205	215
Finance costs	186	217
Gain on disposal of investment properties	(380)	(150)
Income tax expense recognised in profit or loss	36	125
Interest income	-	(6)
Operating profit before working capital changes	197	775
Changes in working capital:		
Net changes in current assets	(3,370)	(9,584)
Net changes in current liabilities	5,678	9,895
Cash from operations	2,505	1,086
Tax refund	-	35
Income tax paid	(33)	(38)
Net cash from operating activities	2,472	1,083

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**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH  
FPE 30 JUNE 2014 (Cont'd)**


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**CME GROUP BERHAD**

(Company No. 52235-K)  
(Incorporated in Malaysia)

**CASH FLOWS USED IN INVESTING ACTIVITIES**

Withdrawal of fixed deposit	-	215
Interest income received	-	6
Proceed from disposal of investment properties	1,560	1,330
Purchase of investment properties	-	(6,000)
Purchase of other financial assets	(2,172)	-
Purchase of property, plant and equipment	(379)	(8)
	<hr/>	<hr/>
Net cash used in investing activities	(991)	(4,457)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment from of bank borrowings	(2,345)	(98)
Interest expense paid	(186)	(217)
Proceed from issuance of issued capital	-	3,600
Proceed/(Repayment) of hire purchase payables	244	12
	<hr/>	<hr/>
Net cash (used in)/from financing activities	(2,287)	3,297

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

	(806)	(77)
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**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**

	(3,960)	(4,020)
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**CASH AND CASH EQUIVALENTS AT END OF PERIOD**

	<hr/>	<hr/>
	(4,766)	(4,097)

**Cash and Cash Equivalents are as follows:-**

Cash and bank balances	400	401
Bank overdrafts	(5,166)	(4,498)
	<hr/>	<hr/>
	(4,766)	(4,097)

*(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statement for the year ended 31 December 2013 and the explanatory notes attached to the interim financial report.)*

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**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH  
FPE 30 JUNE 2014 (Cont'd)**

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**CME GROUP BERHAD**

(Company No. 52235-K)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENT – SECOND QUARTER ENDED 30 JUNE 2014****A COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERM  
FINANCIAL REPORTING AND BURSA LISTING REQUIREMENTS****1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standard (MFRS) 134 - *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board (“MASB”) and Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

**2 Financial Reporting Standards**

Significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2013.

The Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by MASB with effect from 1 January 2013. This MFRS framework was introduced by MASB in order to fully converge Malaysia’s existing Financial Reporting Standard (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board. There has been no material impact upon the adoption of the MFRS on the financial statements of the Group.

The Group has also adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2014. The adoption of these new and revised MFRS and IC Interpretations have not resulted in any material impact upon the financial statements of the Group.

MFRSs and IC Interpretations that were issued but are not yet effective have not been early adopted by the Group

**3 Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements for the year ended 31 December 2013 was not subjected to any qualification.

**4 Seasonal or cyclical factors**

The Group’s operations were not subject to any seasonal or cyclical factors.

**5 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no exceptional items and unusual events affecting the assets, liabilities, equity, net income and cash flow of the Group for the current quarter and financial year-to-date.

**6 Changes in estimates**

There were no changes in the estimates of amounts, which give a material effect in the current quarter or financial year-to-date.

**7 Debt and equity securities**

There was no issuance or repayment of debts and equity securities, share buy-back, shares cancellation, shares held as treasury shares and resale of treasury shares for the current quarter and financial year-to-date.

**8 Dividends paid**

There was no dividend paid/declared by the Company for the current quarter ended 30 June 2014 (2013: Nil.).

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (Cont'd)**



**CME GROUP BERHAD**

(Company No. 52235-K)  
(Incorporated in Malaysia)

**9 Segmental reporting**

30.06.2014	Invest. Holding RM '000	Contract Engineering RM '000	Trading RM '000	Others RM '000	Elimination RM '000	Consolidated RM '000
<b>Revenue</b>						
External sales	5,292	5,254	1,721	-	-	12,267
Inter-segment sales	-	2,126	-	-	(2,126)	-
<b>Total revenue</b>	<b>5,292</b>	<b>7,380</b>	<b>1,721</b>	<b>-</b>	<b>(2,126)</b>	<b>12,267</b>
<b>Results</b>						
Segment results	<b>350</b>	<b>39</b>	<b>(17)</b>	<b>-</b>	<b>-</b>	<b>372</b>
Finance costs						(186)
<b>Profit before tax</b>						<b>186</b>
Income tax expense						(36)
<b>Profit for the period</b>						<b>150</b>
<b>Other information</b>						
Capital additions	110	268	1	-	-	379
Depreciation	2	69	134	-	-	205
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segment assets	85,668	47,844	14,673	5,367	(82,132)	71,420
Other investment	2,664	-	-	-	-	2,664
<b>Consolidated total assets</b>	<b>88,332</b>	<b>47,844</b>	<b>14,673</b>	<b>5,367</b>	<b>(82,132)</b>	<b>74,084</b>
<b>Liabilities</b>						
Segment Liabilities	46,103	28,531	24,782	4,423	(74,646)	29,193
<b>30.06.2013</b>						
<b>Revenue</b>						
External sales	5,629	4,627	1,833	-	-	12,089
Inter-segment sales	-	2,504	-	-	(2,504)	-
<b>Total revenue</b>	<b>5,629</b>	<b>7,131</b>	<b>1,833</b>	<b>-</b>	<b>(2,504)</b>	<b>12,089</b>
<b>Results</b>						
Segment results	<b>411</b>	<b>371</b>	<b>(66)</b>	<b>-</b>	<b>-</b>	<b>716</b>
Finance costs						(217)
<b>Profit before tax</b>						<b>499</b>
Income tax expenses						(125)
<b>Profit for the period</b>						<b>374</b>
<b>Other information</b>						
<b>31.12.2013</b>						
Capital additions	-	9	7	5	-	21
Depreciation	4	135	271	1	-	411

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**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (Cont'd)**


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**CME GROUP BERHAD**

(Company No. 52235-K)  
(Incorporated in Malaysia)

31.12.2013	<b>Invest. Holding RM '000</b>	<b>Contract Engineering RM '000</b>	<b>Trading RM '000</b>	<b>Others RM '000</b>	<b>Elimination RM '000</b>	<b>Consolidated RM '000</b>
<b>Assets</b>						
Segment assets	84,176	48,401	14,295	4,169	(82,046)	68,995
Other investments	492	-	-	-	-	492
<b>Consolidated total assets</b>	<b>84,668</b>	<b>48,401</b>	<b>14,295</b>	<b>4,169</b>	<b>(82,046)</b>	<b>69,487</b>
<b>Liabilities</b>						
Segment liabilities	41,953	28,949	24,344	4,061	(74,561)	24,746

As the Group is principally operating within Malaysia, geographical segment has not been presented.

**10 Valuation of property, plant and equipment**

The Group did not carry out any valuations on its property, plant and equipment for the interim financial period under review. The valuations of the property, plant and equipment have been brought forward from the preceding annual financial statements.

**11 Material Subsequent Events**

There were no material events subsequent to 30 June 2014 that have not been reflected in the interim financial report.

**12 Changes in Composition of the Group**

There were no major changes in the composition of the Group including business combination, acquisition or disposal of subsidiaries and restructuring or discontinuing of operations during the quarter under review.

**13 Contingent Liabilities or Contingent Assets**

There were no contingent liabilities or contingent assets for the financial quarter under review.

**14 Capital Commitments**

There were no capital commitments for the financial quarter under review.



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**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (Cont'd)**


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**CME GROUP BERHAD**

(Company No. 52235-K)  
(Incorporated in Malaysia)

**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS**
**1 Review of Group performance**

The Group achieved revenue of RM12.3 million for the second quarter ended 30 June 2013, representing a marginal increase of RM178,000 or 1.5% compared to the corresponding year-to-date of 2013. Profit before tax declined by RM313,000 or 62.7% from a profit before tax of RM499,000 to RM186,000 during the financial period ended 30 June 2014. Profit attributable to equity holders of the Group stood at RM158,000, decreased by 57.8% from a profit of RM374,000 in the preceding year-to-date ended 30 June 2013.

The main drivers of the increase in revenue were from the Specialised Mobility Vehicles ("SMV") division, which contributed RM5.3 million, the revenue from the SMV division grew from RM4.6 million to RM5.3 million, an increase of RM627,000 or 13.6% during the financial period ended 30 June 2014. This was, however, offset by the decline in revenue of RM337,000 or 6.0% and RM112,000 or 6.1%, in our Property Investment ("PI") and Fire Suppression and Prevention ("FSP") divisions respectively.

Cost of sales increased in tandem with the growth in revenue, by RM649,000 or 7.3%, albeit at a higher rate of increase compared to revenue. This resulted in a decline in gross profit margin from 26.8% to 22.5%.

**2 Material change in profit before taxation for the quarter compared with the immediate preceding quarter**

The comparison of the Group's revenue and profit before taxation for the current quarter and preceding quarter is as follows:

	30.06.14 RM'000	31.03.14 RM'000	← Variance → RM'000	%
Revenue	5,015	7,252	(2,237)	(30.8)
Profit before taxation	48	138	(90)	(65.2)

For the current quarter ended 30 June 2014, the Group recorded revenue of RM5.0 million, a decrease of 30.8% compared to the preceding quarter ended 31 March 2014.

The Group recorded a profit before taxation of RM48,000 for the current quarter as compared to a profit before taxation of RM138,000 in the preceding quarter, due to lower revenue achieved couple with the lower gross profit margin derived from the PI division.

**3 Commentary on Prospects for 2014**

The Board expects both the PI and SMV divisions to continue to contribute positively to the Group's performance for the remaining quarters of the financial year. As for our FSP division, the management has been actively working on improving its products and services coupled with the drive to secure new distributionship to improve overall sales performance of the Group in years to come.

While the Directors are optimistic of the future prospects of the Group, 2014 would pose a great challenge amid the unsettled global economic climate. The Directors will continue to exercise due care in order to preserve and enhance shareholders' values. Meanwhile, the Board and the management will continue to access all business opportunities with prudence and leverage on its core strengths and competencies built over the years, to improve the profitability of the Group.

**4 Profit forecast**

No profit forecast was made or issued during the current financial quarter under review.

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**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (Cont'd)**


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**CME GROUP BERHAD**

(Company No. 52235-K)  
(Incorporated in Malaysia)

**5 Income tax expense/(credit)**

The Tax figures consist of the following :-	Current Quarter RM '000	Current Year to Date RM '000
Current year provision	(36)	(36)
Deferred taxation	-	-
Total	(36)	(36)

**6 Corporate Proposals**

As announced in the previous quarterly report, the Company has entered into the following corporate proposals:-

- (i) proposed diversification of the business of the Company and its subsidiaries into property development and investment sector ("**Proposed Diversification**");
- (ii) proposed acquisition of a parcel of freehold land held under Certificate of Title Volume 1521 Folio 640, located at Lot 11 Henson Street, Local Government Area of City of Mandurah, Western Australia, Australia by CME Properties (Australia) Pty Ltd ("CMEPA"), a wholly-owned subsidiary of the Company, from Luteum Pty Ltd for a cash consideration of RM22,401,000 ("**Proposed Acquisition of Land 1**");
- (iii) proposed acquisition of a parcel of freehold land held under Certificate of Title Volume 1695 Folio 297, located at Lot 40 Mandurah Terrace, Local Government Area of City of Mandurah, Western Australia, Australia by CMEPA from Grand Holdings Pty Ltd for a cash consideration of RM7,599,000 ("**Proposed Acquisition of Land 2**");
- (iv) proposed renounceable rights issue of up to RM35,288,000 nominal value of ten (10)-year, zero coupon irredeemable convertible unsecured loan stock ("ICULS") at 100% of the nominal value of RM0.04 each ("Rights ICULS") on the basis of RM0.08 nominal value of the ICULS for every one (1) existing ordinary share of RM0.10 each in CME held on an entitlement date to be determined and announced later, based on a minimum subscription level of RM27,000,000 nominal value of the Rights ICULS ("**Proposed Rights Issue of ICULS**");
- (v) proposed increase in the authorised share capital of the Company from RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each to RM500,000,000 comprising 5,000,000,000 ordinary shares of RM0.10 each ("**Proposed Increase in Authorised Share Capital**") and
- (vi) proposed amendments to the Memorandum and Articles of Association of the Company ("M&A") to facilitate the Proposed Increase in Authorised Share Capital ("**Proposed M&A Amendments**").

Collectively known as the "**Proposals**".

On 4 August 2014, an application was submitted to Bursa Securities for the admission of the ICULS to the Official List of Main Market of Bursa Securities and listing of and quotation for the ICULS and the new CME Shares to be issued arising from the conversion of the ICULS on the Main Market of Bursa Securities. The application is still pending the approval of Bursa Securities.

On 5 August 2014, an application was submitted to Securities Commission Malaysia (Private Debt Securities) for the proposed issuance of the ICULS pursuant to the Proposed Rights Issue of ICULS under the Guidelines on Private Debt Securities. The application is still pending the approval of Securities Commission Malaysia.

On 12 August 2014, the Company announced that it proposes to undertake the following proposals:

- (i) proposed joint venture between CME, CMEPA, a wholly-owned subsidiary of CME, Ruark Properties Pty Ltd and Central Park (QLD) Pty Ltd for the joint mixed development of two (2) parcels of contiguous freehold land measuring approximately 15,784 square metre located at Lot 11 Henson Street and Lot 40 Mandurah Terrace, Local Government Area of City of Mandurah, Western Australia, Australia ("**Proposed Joint Venture**") and
- (ii) proposed establishment of an employee share option scheme ("ESOS" or "Scheme") of up to 15% of the prevailing issued and paid-up share capital of CME (excluding treasury shares) for the eligible employees (including Directors) of CME and its subsidiaries, who meet the criteria of eligibility for participation in the ESOS as set out in the by-laws containing the rules, terms and conditions of the ESOS ("**Proposed ESOS**").

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**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (Cont'd)**


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**CME** **CME GROUP BERHAD**  
*(Company No. 52235-K)*  
*(Incorporated in Malaysia)*
**7 Group borrowings and debt securities**

	<b>As at 30/06/2014</b>
	<b>Secured</b>
	<b>RM'000</b>
<b>Amount payable within one year</b>	
Bank borrowings	5,314
Finance leases	115
	<u>5,429</u>
<b>Amount payable after one year</b>	
Bank borrowings	3,127
Finance leases	528
	<u>3,655</u>
<b>Total borrowings</b>	<u>9,084</u>

**8 Material litigation**

Save as disclosed below, there were no material litigations against the Group or taken by the Group at the date of issuance of this Interim Financial Report.

The Company had on 12 May 2014 been served with the Writ and the Statement of Claim by the Kuala Lumpur High Court in relation to a claim filed by Bellajade Sdn Bhd ("Bellajade"). Bellajade has commenced the action against the Company arising from the disputes in relation to a Tenancy Agreement dated 21 February 2013 whereby the Company agreed to rent from Bellajade a 23-Storey Office Building known as Plaza Palas bearing the postal address Plaza Palas, Lorong Palas, Off Jalan Ampang, Kuala Lumpur, for a rental of RM1,018,750.00 per month commencing from 20 February 2013, for tenancy term of 3 years. Bellajade is claiming for an outstanding amount of RM8,401,756.85 as of 27 December 2013, rental payment for January 2014 and every subsequent monthly rental payment until the end of tenancy period of 3 years, interest and costs.

The Company has sought legal advice from its solicitors with regards to the above Suit and subsequently filed in a Statement of Defence and Counter Claim against Bellajade on 23 May 2014. The Company's solicitors are of the opinion that the Company has a reasonably good defence to the Suit and the case management has been fixed on 20 August 2014.

**9 Dividend**

No dividend had been declared for the financial period ended 30 June 2014.

**10 Earnings Per Share ("EPS")****(a) Basic Earnings Per Share**

Basic earnings per share for the period under review is calculated by dividing the net profit attributable to the shareholders of RM158,000 (30.06.2013 : RM374,000) by the weighted average number of ordinary shares outstanding as at 30 June 2014 of 441,100,000 (30.06.2013 : 441,100,000).

**(b) Diluted Earnings Per Share**

Not Applicable.

**11 Realised And Unrealised Profits/Losses Disclosure**

On 25 March 2010, Bursa Malaysia issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realized and unrealized profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH  
FPE 30 JUNE 2014 (Cont'd)**



**CME GROUP BERHAD**

(Company No. 52235-K)  
(Incorporated in Malaysia)

The breakdown of retained earnings of the Group as of 30 June 2014 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	As at 30/06/2014 RM'000	As at 31/12/2013 RM'000
Total retained earnings of the Group:-		
- Realised	646	687
- Unrealised	(58)	(257)
Total group retained earnings as per consolidated accounts	588	430

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010. A charge or a credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia Securities Berhad and is not made for any other purposes.

**12 Profit before tax**

	As at 30/06/2014 RM'000	As at 31/12/2013 RM'000
This is arrived at after charging/ (crediting):-		
Audit fee	-	75
Impairment loss recognised on trade receivables	-	11
Depreciation on property, plant and equipment	205	411
Finance costs	186	569
Interest income	-	(6)
Gain on disposal of investment properties	(380)	(150)
Provision for warranty and free services	-	161
Provision for doubtful debt no longer required	-	(8)

Other disclosure items pursuant to Note 16 of the Appendix 9B of the Main Market Listing requirements are not applicable.

**BY ORDER OF THE BOARD  
CME GROUP BERHAD**

**TAN RUEY SHYAN  
COMPANY SECRETARY**

**Shah Alam, Selangor Darul Ehsan  
19 August 2014**

**DIRECTORS' REPORT**



**CME GROUP BERHAD**

(No. Syarikat: 52235-K)

Lot 19, Jalan Delima 1/1,  
Taman Perindustrian Teknologi  
Tinggi Subang, 47500 Subang Jaya,  
Selangor Darul Ehsan,  
MALAYSIA.

TEL : 603 5633 1188

FAX : 603 5634 3838

20 October 2014

**To: The Shareholders of CME Group Berhad ("CME")**

Dear Sir/Madam,

On behalf of the Board of Directors of CME, we wish to report that after making due enquiry that during the period from 31 December 2013 (being the date of the last audited consolidated financial statements of CME and its subsidiaries ("**Group**") have been made) up to the date hereof (being a date not earlier than fourteen (14) days before the date of issue of this Abridged Prospectus ("**AP**")):

- (a) the business of our Group has, in the opinion of our Directors, been satisfactorily maintained;
- (b) in the opinion of our Directors, no circumstances have arisen since the last audited consolidated 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 our 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 which have arisen by reason of any guarantees or indemnities given by our Group;
- (e) there has been no default or any known event that could give rise to a default situation in respect of payments of either interest and/or principal sums in relation to any borrowings of our Group in which our Directors are aware of since the last audited consolidated financial statements of our Group;
- (f) save as disclosed in this AP, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the last audited consolidated financial statements of our Group; and
- (g) save as disclosed above and up to the date of this letter, no other reports are required in relation to items (a) to (f) above.

Yours faithfully  
for and on behalf of our Board of Directors of  
**CME GROUP BERHAD (52235-K)**

  
.....  
**Lim Bee Hong**  
Director

  
.....  
**Chin Fook Kheong**  
Director

**VALUATION CERTIFICATE FOR THE ACQUISITIONS PREPARED BY KNIGHT FRANK AUSTRALIA  
DATED 9 MAY 2014**



Date: 9 May 2014  
Ref: V167/2013 cm0132f

CME Group Berhad  
Lot 19, Jalan Delima 1/1  
Subang Hi-Tech Industrial Park  
40000 Shah Alam  
Selangor Darul Ehsan  
Malaysia

Dear Sir

**Re: Valuation Certificate - Asset Determination Valuation  
Lot 40 Mandurah Terrace & Lot 11 Henson Street,  
Mandurah, Western Australia**

**Introduction**

**Instructing Party**

CME Group Berhad.

Instruction received 8 October 2013 (appended to the rear of this report).

**Registered Owners**

Lot 40 Mandurah Terrace, Mandurah  
Grand Holdings Pty Ltd.

Lot 11 Henson Street, Mandurah  
Luteum Pty Ltd.

**Interest Valued**

Freehold interest on a vacant possession basis.

**Relying Party/Parties and  
Purpose of Valuation**

CME Group Berhad for the inclusion in the abridged prospectus of CME Group Berhad in conjunction with the proposed acquisition of the lands by CME Group Berhad or its subsidiary.

We advise our valuation report has been prepared in compliance with the Asset Valuation Guidelines (effective 3 August 2009) published by the Securities Commission Malaysia.

We advise that we have carried out an inspection of the subject property and have undertaken market research with respect to the available sales and rental evidence, prepared our calculations and report formally herein. The valuation has been prepared in conformity with the Code of Professional Ethics and Conduct laid down by the Australian Property Institute.

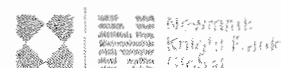
*The basis of valuation adopted is the **Market Value** which is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing seller and a willing buyer in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".*

*This Valuation Certificate forms part of, and should not be used or read independently from the complete report (Our Reference: V167/2014 cm0132).*

*Liability limited by a scheme approved under Professional Standards Legislation.*

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Knight Frank Australia Pty Ltd ABN 17 004 973 684



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**VALUATION CERTIFICATE FOR THE ACQUISITIONS PREPARED BY KNIGHT FRANK AUSTRALIA  
DATED 9 MAY 2014 (Cont'd)**


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**A. Identification of the Property**

<b>Title Description</b>	<p><u>Lot 40 Mandurah Terrace, Mandurah</u> An estate in fee simple being Lot 40 on Diagram 63884 comprising the whole of the land contained within Certificate of Title Volume 1695 Folio 297.</p>
<b>Current Registered Owners</b>	<p><u>Lot 11 Henson Street, Mandurah</u> An estate in fee simple being Lot 11 on Diagram 15197 comprising the whole of the land contained within Certificate of Title Volume 1521 Folio 640.</p> <p><u>Lot 40 Mandurah Terrace, Mandurah</u> Grand Holdings Pty Ltd.</p> <p><u>Lot 11 Henson Street, Mandurah</u> Luteum Pty Ltd.</p>
<b>Easements and Encumbrances</b>	<p>A search of the Certificates of Title undertaken on 2 May 2014 from the Western Australian state government department, Landgate, reveals the following encumbrances are registered against each respective Title:</p> <p><u>Lot 40 Mandurah Terrace (Certificate of Title Volume 1695 Folio 297):</u></p> <ul style="list-style-type: none"> <li>• Mortgage K382448 to Industry Funds Management (Nominees 2) Pty Ltd. Registered 18 October 2007.</li> <li>• Memorial M24514. Taxation Administration Act 2003, Section 76 (Land Tax). Registered 21 August 2012.</li> </ul> <p>Memorial M24514 relates to a notification registered against the title advising that the payment of land tax (a Western Australian state government property tax) is in arrears.</p> <p>We would recommend legal advice being sought in relation to removal of Memorial M24514 from the Certificate of Title, prior to any sale transfer.</p> <p><u>Lot 11 Henson Street (Certificate of Title Volume 1521 Folio 640):</u></p> <ul style="list-style-type: none"> <li>• The land the subject of this Certificate of Title excludes all portions of the lot described above except that portion shown in the sketch of the superseded paper version of this Title.</li> <li>• K382449 Mortgage to Industry Funds Management (Nominees 2) Pty Ltd. Registered 18.10.2007.</li> </ul>

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**VALUATION CERTIFICATE FOR THE ACQUISITIONS PREPARED BY KNIGHT FRANK AUSTRALIA  
DATED 9 MAY 2014 (Cont'd)**


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## B. General Description

The subject property is situated within the state of Western Australia, which occupies the western third of the Australian continent bounded by the Indian Ocean to the north and west and the Southern Ocean to the south.

Western Australia is Australia's largest State with a total land area of 2,529,875 square kilometres. As at 30 June 2013, the estimated permanent resident population of Western Australia was approximately 2,520,000 persons, with the majority of the population residing in the south-western corner of the State.

The Western Australian state capital of Perth has an estimated permanent population of approximately 1,876,000 persons as at 30 June 2013.

The City of Mandurah is located approximately 75 kilometres south of the Western Australian State capital of Perth with an estimated permanent population of approximately 80,700 situated in a coastal position adjacent to the Indian Ocean, benefiting from extensive waterways which include the Mandurah Estuary, Peet Inlet and Harvey Estuary.

Mandurah has historically been a popular tourist and holiday destination as a result of its coastal position as well as its relative proximity to the Perth Metropolitan area. In more recent years, Mandurah has also established itself as a popular retirement destination with a number of retirement villages operating within the city.

More particularly, the subject property is located on the south-western intersection of Mandurah Terrace and Henson Street approximately 1.5 kilometres north of the Mandurah City Centre.

The Indian Ocean beach foreshore is located 300 metres north west of the subject property incorporating landscaped grassed areas, gas barbeques and covered seating areas, children's playground equipment and public ablution facilities.

Immediate surrounding development includes the Silver Sands Tavern, a BP branded service station, The Sands Shopping Centre, the Silver Sands Resort, various short stay (tourist) accommodation developments, as well as single and medium density residential housing.

All of the usual services of gas, electricity, water, sewerage and drainage are available to the property.

Local public transport (bus) services are available immediately adjacent to the subject property connecting with the Mandurah City Centre to the south and the Mandurah Train Station to the east (being the southern terminal station within the Perth Metropolitan train network, providing access to the Perth Central Business District to the north).

Commensurate with the size of the permanent population in Mandurah, serving as a regional centre, a full range of community, retail and entertainment facilities are available within the immediate surrounds.



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**VALUATION CERTIFICATE FOR THE ACQUISITIONS PREPARED BY KNIGHT FRANK AUSTRALIA  
DATED 9 MAY 2014 (Cont'd)**


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**Site Areas & Physical Description**

Two broadly regular shaped landholdings with a total, amalgamated site area of 15,784 square metres. The respective titled land areas are summarised below:

Lot 40 Mandurah Terrace, Mandurah:	3,998m <sup>2</sup>
Lot 11 Henson Street, Mandurah:	11,786m <sup>2</sup>
Combined Land Area:	15,784m <sup>2</sup>

A natural ridge system is located towards the common boundary of the two lots, rising approximately five (5) vertical metres above the road grade level of Mandurah Terrace. The top soils appear sandy in nature being typical of the immediate surrounding locality. Boundary fencing comprises a mix of wire mesh fencing and fibrous cement sheeting panels.

Lot 40 Mandurah Terrace was found to comprise a partially cleared, vacant allotment with several mature native trees. Lot 11 Henson Street previously traded as The Lucky Caravan Park with the majority of the previously improvements having been subsequently removed from the site. Our inspection uncovered a number of merged improvements remained of the land including: bitumen sealed internal roads (generally in a state of disrepair); stone retaining walls; concrete caravan park pad sites; and, internal street light poles.

**C. Zoning**
**Local Authority  
Principal Zoning**

City of Mandurah  
"Precinct Development" under Town Planning Scheme No.3 (as published in the Western Australian State Government Gazette on 21 July 1999)

**Permitted Uses**

Under Clause 4.14.2 of the City of Mandurah's Town Planning Scheme No.3, the permitted uses and development standards for properties zoned "Precinct Development" are defined as:

- The permissibility of uses in the precinct Development Zone and the relevant development and subdivision standards shall be specified in the applicable Precinct Plan.
- Where a Precinct Plan designated a zone which corresponds to a zone included in the Scheme, the general and specific provisions of the Scheme relating to that zone, and the use class permissibility and development standards set by relevant Zoning Table, shall apply, except to the extent any such provision is modified by the Precinct Plan.

**Peel Region Scheme  
Zoning**

"Urban"

Clause 12(a) of the Peel Region Scheme text defines the purpose of land zoned "Urban" as:

*"To provide for residential development and associated local employment, recreation and open space, shopping, schools and other community facilities"*

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**VALUATION CERTIFICATE FOR THE ACQUISITIONS PREPARED BY KNIGHT FRANK AUSTRALIA  
DATED 9 MAY 2014 (Cont'd)**


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### **Mandurah Terrace Precinct Plan**

The Mandurah Terrace Precinct Plan was approved by the City of Mandurah on 12 December 2007 and endorsed by the Western Australian Planning Commission on 20 July 2009.

A copy of the Mandurah Terrace Precinct Plan map is appended to the rear of our valuation report.

The Plan was developed with the intention to provide the planning framework to create a revitalised tourist precinct with a redeveloped Mandurah Terrace serving as a centrepiece and a focus on new high quality tourist accommodation and mixed use development.

Under the Mandurah Terrace Precinct Plan, Lot 40 Mandurah Terrace is located within a precinct zoned "Commercial/Mixed Use (Ground Level Commercial)" and "Tourist/Residential R60".

Reference to the Western Australian State Planning Policy 3.1 Residential Design Codes (as published in the Government Gazette on 22 November 2010) confirms the following general site requirements for land zoned Residential R60, as summarised below:

Single & Grouped Dwellings	minimum lot areas per dwelling of 160 m <sup>2</sup> , averaging 180 m <sup>2</sup> ;
Multiple Dwellings	maximum plot ratio of 0.7 & 45% minimum open space requirement.

Under the Plan, Lot 11 Henson Street is located within a precinct zoned "Tourist/Resort Accommodation" requiring the adoption of a development guide plan prior to redevelopment/subdivision.

### **Lot 40 Mandurah Terrace and Lot 11 Henson Street, Mandurah Development Guide Plan**

The Lot 40 Mandurah Terrace and Lot 11 Henson Street, Mandurah Development Guide Plan was approved by the City of Mandurah on 23 March 2010.

A copy of the Development Guide Plan map is appended to the rear of our valuation report.

The Development Guide Plan relates exclusively to the subject landholdings incorporating various development guidelines which must be adhered to as part of the any future redevelopment of the land.

Our informal enquiries with the planning Department at the City of Mandurah have confirmed that the Development Guide Plan is valid in perpetuity (i.e. does not have a specified expiry date).

### **Expired Conditional Development Approval**

We confirm having been provided with a copy of a letter of conditional development approval issued by the City of Mandurah, dated 26 March 2010.

A copy of the letter of conditional development approval and endorsed building plans are appended to the rear of our original report.

**VALUATION CERTIFICATE FOR THE ACQUISITIONS PREPARED BY KNIGHT FRANK AUSTRALIA  
DATED 9 MAY 2014 (Cont'd)**



The letter of conditional approval states that the approval was valid until 26 March 2012 (on the basis that construction had not substantially commenced or the use had not commenced within the specified timeframe).

As a consequence, we clarify that no valid development approvals are in place relating to the subject property as at the date of valuation.

The expired approval relating to the proposed redevelopment of the land into an 11 storey, mixed use development incorporating apartment units, office and retail tenancy areas in addition to a short stay accommodation development (incorporating a cafe/restaurant and ancillary facilities).

We have summarised the proposed development within the following table:

Level	# Car Bays	# Retail Units	Retail m <sup>2</sup>	# Office Units	Office m <sup>2</sup>	# Apartments	# Short Stay Units	Ancillary Improvements
Sub-Basement	192							3 lifts 2 lobbies, 6 public car bays
Basement	322							4 short stay lifts, 5 lifts 2 lobbies
Ground Floor	25			4	1,402m <sup>2</sup>	32		Short stay: Administration, lounge, cafe & restaurant, service, 6 car bays. Permanent: entry lobby, gym, landscaped courtyards. Office: 19 car bays
1st Floor		6	1,631m <sup>2</sup>			18	27	
2nd Floor				3	2,692m <sup>2</sup>	11	27	
3rd Floor				3	2,692m <sup>2</sup>	11	27	
4th Floor						11		Short stay: Pool and pool deck
5th Floor						16		
6th Floor						16		
7th Floor						16		
8th Floor						10		Permanent: common entertainment room, landscaped areas, pool and pool deck
9th Floor						12		
10th Floor						12		
11th Floor						7		
<b>Total</b>	<b>539</b>	<b>6</b>	<b>1,631m<sup>2</sup></b>	<b>10</b>	<b>6,786m<sup>2</sup></b>	<b>172</b>	<b>81</b>	

**VALUATION CERTIFICATE FOR THE ACQUISITIONS PREPARED BY KNIGHT FRANK AUSTRALIA  
DATED 9 MAY 2014 (Cont'd)**



**D. Sales Evidence**

In assessing the "As Is" Market Value of the subject property utilising the Direct Comparison Method, we have had regard to a broad range of sales involving infill development sites with the most relevant outlined below in date order:

<b>Sales Comparison and Analysis</b>			
	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>
<b>Legal Description</b>	Lot 9002 on Deposited Plan 42137	Lot 53 Diagram 60481	Lot 1 & 2 on Diagram 10520 and Lot 1, 2 & 3 on Diagram 4010
<b>Location</b>	5 Longford Road, Beaconsfield, Perth, Western Australia	11 Tea Tree Close, Cockburn Central, Perth, Western Australia	241-249 Railway Parade, Maylands, Perth, Western Australia
<b>Tenure</b>	Freehold Interest	Freehold Interest	Freehold Interest
<b>Land Area (sq. m.)</b>	9,779m <sup>2</sup>	11,011m <sup>2</sup>	17,279m <sup>2</sup>
<b>Land Area (sq. ft.)</b>	105,260.28	118,521.42	185,989.61
<b>Consideration</b>	\$3,650,000 (exclusive of GST)	\$2,430,000 (exclusive of GST)	\$16,710,000 (exclusive of GST)
<b>Date</b>	December 2013	August 2013	July 2013
<b>Zoning</b>	"Development" City of Fremantle	"Development" City of Cockburn	"Maylands Activity Centre Zone" City of Bayswater
<b>Property Type</b>	Vacant development site	Redevelopment site	Redevelopment site
<b>Planning</b>	Medium density residential	Mixed use, high density residential and public open space	Commercial/residential
<b>Vendor</b>	Moltoni No 1 Pty Ltd	Success Asset Pty Ltd	C D Dodd
<b>Purchaser</b>	Lot 9002 Longford Road Pty Ltd	Tew Investments Pty Ltd	Finbar Group Limited (via Ventrade Maylands Pty Ltd)
<b>Source</b>	Sale transfer document registered against the Certificates of Title, sourced from the Western Australian state government department, Landgate.	Sale transfer document registered against the Certificates of Title, sourced from the Western Australian state government department, Landgate.	Sale transfer document registered against the Certificates of Title, sourced from the Western Australian state government department, Landgate.
<b>Analysis</b>	<b>\$373/m<sup>2</sup></b>	<b>\$221/m<sup>2</sup></b>	<b>\$967/m<sup>2</sup></b>

**VALUATION CERTIFICATE FOR THE ACQUISITIONS PREPARED BY KNIGHT FRANK AUSTRALIA  
DATED 9 MAY 2014 (Cont'd)**



	Comparable 1	Comparable 2	Comparable 3
<b>Adjustments</b>	<p>Upward adjustments are made for the subject property benefitting from extensive street frontage, reducing the requirements for constructing internal roads and maximising value levels of potential subdivided units benefitting from street front outlooks and greater residential developable density, together with the potential for office and retail land uses, together with a significantly greater building height limits.</p> <p>Downward adjustments are made for the subject property with greater land area and requires a superior level of sophistication from a hypothetical purchaser.</p>	<p>Upward adjustments are made for the subject property benefitting from extensive street frontage, reducing the requirements for constructing internal roads and maximising value levels of potential subdivided units benefitting from street front outlooks, the sale property incorporates a portion of a proposed public open space reserve, negatively impacting on the maximum redevelopment potential, development of the sale property in isolation is considered to represent a medium term scenario due to the current attachment of the existing development front, negatively impacting on the desirability of the site for purchasers of residential apartment units in particular and the sale property is considered to require an elevated level of sophistication from a hypothetical purchaser, due to the anticipated deferred feasible development horizon, together with the greater developable density under the attached zoning, as well as the punitive development contribution costs liable upon redevelopment, imposed by the local government authority, negatively impacting levels of profitability.</p> <p>Downward adjustments are made for the subject property with greater land area.</p>	<p>Upward adjustments have not been made.</p> <p>Downward adjustments are made for the subject property is considered to be situated in an inferior location with lower anticipated end lot values, a smaller pool of purchasers for the subdivided units, resulting in lower anticipated levels of profitability upon redevelopment and the subject property has inferior developable potential under the attached zoning and adopted precinct plan.</p>
<b>Effective Adjusted Value</b>	<b>\$635/m<sup>2</sup></b>	<b>\$474/m<sup>2</sup></b>	<b>\$629/m<sup>2</sup></b>

**VALUATION CERTIFICATE FOR THE ACQUISITIONS PREPARED BY KNIGHT FRANK AUSTRALIA  
DATED 9 MAY 2014 (Cont'd)**



<b>Sales Comparison and Analysis</b>			
	<b>Comparable 4</b>	<b>Comparable 5</b>	<b>Comparable 6</b>
<b>Legal Description</b>	Lot 300 on Diagram 54665	Lot 1001, 1002 & 1003 on Deposited Plan 72644	Lot 2 on Diagram 26695
<b>Location</b>	200 Great Eastern Highway, Lathlain, Perth, Western Australia	Lots 1001, 1002 & 1003 Rowe Avenue, Rivervale, Perth, Western Australia	140 Stirling Street, North Fremantle, Perth, Western Australia
<b>Tenure</b>	Freehold Interest	Freehold Interest	Freehold Interest
<b>Land Area (sq. m.)</b>	9,836m <sup>2</sup>	9,530m <sup>2</sup>	31,044m <sup>2</sup>
<b>Land Area (sq. ft.)</b>	105,873.82	102,580.07	334,154.83
<b>Consideration</b>	\$7,450,000 (inclusive of GST)	\$8,500,000 (exclusive of GST)	\$30,000,000 (exclusive of GST)
<b>Date</b>	January 2013	June 2012	April 2010
<b>Zoning</b>	"Residential R60 - Mixed Use " City of Belmont	"The Springs Special Development Precinct – Development Area 11" City of Belmont	"Development Zone" City of Fremantle
<b>Property Type</b>	Redevelopment site	Vacant development site	Redevelopment site
<b>Planning</b>	Commercial/residential	Medium to high density residential	Commercial/residential
<b>Vendor</b>	EG Custodian Services Pty Ltd	Landcorp (Western Australian state government land developer)	SAS Global Mosman Park Ltd
<b>Purchaser</b>	Finetune Investments Pty Ltd	Finbar Group Limited	Guangdai Australia Investment Pty Ltd
<b>Source</b>	Sale transfer document registered against the Certificate of Title, sourced from the Western Australian state government department, Landgate.	Sale transfer document registered against the Certificates of Title, sourced from the Western Australian state government department, Landgate.	Sale transfer document registered against the Certificate of Title, sourced from the Western Australian State Government Department, Landgate.
<b>Analysis</b>	<b>\$757/m<sup>2</sup></b>	<b>\$1,209/m<sup>2</sup></b>	<b>\$966/m<sup>2</sup></b>

**VALUATION CERTIFICATE FOR THE ACQUISITIONS PREPARED BY KNIGHT FRANK AUSTRALIA  
DATED 9 MAY 2014 (Cont'd)**



	Comparable 4	Comparable 5	Comparable 6
<b>Adjustments</b>	<p>Upward adjustments are made for the infill development site market has strengthened since the date of sale.</p> <p>Downward adjustments are made for the subject property with greater land area and is situated in an inferior location with a smaller pool of purchasers for the subdivided units and lower anticipated end lot values and the sale property is considered to require a lower level of sophistication from a hypothetical purchaser/developer with a shorter overall developable horizon and lower peak debt levels.</p>	<p>Upward adjustments are made for the subject property which is considered to represent a superior shape and orientated landholding in order to facilitate redevelopment, the sale property is considered to require a lower level of sophistication from a hypothetical purchaser/developer with a shorter overall developable horizon and lower peak debt levels and the infill development site market has strengthened since the date of sale.</p> <p>Downward adjustments are made for the subject property with greater land area, is considered to be situated in an inferior location with lower anticipated end lot values, a smaller pool of purchasers for the subdivided units, resulting in lower anticipated levels of profitability upon redevelopment and the subject property has inferior developable potential under the attached zoning and adopted precinct plan.</p>	<p>Upward adjustments are made for the subject property has a significantly smaller land area which, all else being equal, positively impacts on the rate per square metre analysed.</p> <p>Downward adjustments are made for the subject property is considered to be situated in an inferior location with lower anticipated end lot values, a smaller pool of purchasers for the subdivided units, resulting in lower anticipated levels of profitability upon redevelopment, the subject property has inferior developable potential under the attached zoning and adopted precinct plan and market conditions between the date of sale and date of valuation.</p>
<b>Effective Adjusted Value</b>	<b>\$644/m<sup>2</sup></b>	<b>\$624/m<sup>2</sup></b>	<b>\$628/m<sup>2</sup></b>

**VALUATION CERTIFICATE FOR THE ACQUISITIONS PREPARED BY KNIGHT FRANK AUSTRALIA  
DATED 9 MAY 2014 (Cont'd)**



<b>Sales Comparison and Analysis</b>		
	<b>Comparable 7</b>	<b>Comparable 8</b>
<b>Legal Description</b>	Lot 5 on Diagram 2098	Lot 372 on Deposited Plan 48299
<b>Location</b>	130 Stirling Street, North Fremantle, Perth, Western Australia	Lot 372 Country Club Drive, Dawesville, Mandurah, Western Australia
<b>Tenure</b>	Freehold Interest	Freehold Interest
<b>Land Area (sq. m.)</b>	29,200m <sup>2</sup>	15,890m <sup>2</sup>
<b>Land Area (sq. ft.)</b>	314,306.18	171,038.54
<b>Consideration</b>	\$36,000,000 (exclusive of GST) asking price	\$8,000,000 (exclusive of GST) asking price
<b>Date</b>	For sale	For sale
<b>Zoning</b>	"Industrial" City of Fremantle	"Tourist/Residential" City of Mandurah
<b>Property Type</b>	Redevelopment site	Vacant development site
<b>Planning</b>	Industrial	Tourist/residential
<b>Vendor</b>	HLM Holdings Pty Ltd	Carani Pty Ltd
<b>Purchaser</b>	Not applicable (for sale)	Not applicable (for sale)
<b>Source</b>	Publicly available marketing information as well as informal discussions with the selling agent (Mr John Corbett, Managing Director WA, Executive, Knight Frank Australia)	Publicly available marketing information as well as informal discussions with the selling agent (Mr Seng Poon Poh, Harcourts, Applecross, Perth, WA)
<b>Analysis</b>	<b>\$1,233/m<sup>2</sup></b>	<b>\$501/m<sup>2</sup></b>
<b>Adjustments</b>	Upward adjustments are made for the subject property has a significantly smaller land area which, all else being equal, positively impacts on the rate per square metre analysed.  Downward adjustments are made for the subject property is considered to be situated in an inferior location with lower anticipated end lot values, a smaller pool of purchasers for the subdivided units, resulting in lower anticipated levels of profitability upon redevelopment and the subject property has inferior developable potential under the attached zoning and adopted precinct plan.	Upward adjustments are made for the subject property is situated in proximity to the Mandurah city centre with a greater pool of potential purchasers of the subdivided units together with higher anticipated end lot values and the subject property has superior developable potential under the attached zoning and adopted precinct plan.  Downward adjustments have not been made in this instance.
<b>Effective Adjusted Value</b>	<b>\$740/m<sup>2</sup></b>	<b>\$629/m<sup>2</sup></b>



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**VALUATION CERTIFICATE FOR THE ACQUISITIONS PREPARED BY KNIGHT FRANK AUSTRALIA  
DATED 9 MAY 2014 (Cont'd)**


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### E. Valuation Rationale

In assessing the "As Is" Market Value of the subject property, we consider the appropriate method of assessment is to comprise the Direct Comparison Approach.

Traditional valuation methodologies for development sites such as the subject also include the Static Hypothetical Redevelopment Approach.

However, we have not undertaken an assessment of the Market Value of the subject property under this approach as the following factors are considered to render any assessment subjective in the extreme and of nominal reliability:

- the previous conditional development approval detailed herein expired in March 2012;
- no development cost estimates have been provided to us as at the date of compiling this report relating to the proposed development in accordance with the expired development approval;
- the level of detail as to the anticipated strata living areas, accommodation (number of bedrooms & bathrooms, etc) and standard of finish for the proposed apartment units detailed within the expired development approval is extremely limited. As a consequence, any assessment of an anticipated sale prices of the apartment units would be highly subjective;
- no documentation has been provided to us in relation to the proposed short stay accommodation component including: accommodation provided within each short stay unit, management terms (length of management agreement, management fees, method of calculation of returns to individual short stay accommodation unit owners, etc), as well as any projected trading performance. As a consequence, any assessment of an anticipated sale prices of the short stay accommodation units would be highly subjective;
- due to the locational characteristics of the site, together with the current phase of the Mandurah residential and commercial property markets, we do not consider that redevelopment in accordance with the expired development approval may represent the highest and best use of the land.

#### Direct Comparison Approach

The Direct Comparison Approach involves the analysis of the comparable sales evidence on a dollar rate per square metre of land area, making adjustments for the varying points of difference in order to assess an appropriate market value.

In assessing Market Value, we have taken into account the following aspects in relation to the subject property:

- the location of the subject property being in proximity to the Mandurah City Centre and Indian Ocean, along a thoroughfare road, opposite the local retail facilities, with public bus services immediately available;

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**VALUATION CERTIFICATE FOR THE ACQUISITIONS PREPARED BY KNIGHT FRANK AUSTRALIA  
DATED 9 MAY 2014 (Cont'd)**


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- the lot size and configuration facilitating future redevelopment into a broad range of potential land uses permissible under the attached zoning and approved Mandurah Terrace Precinct Plan;
- the property benefiting from two street frontages further facilitating future redevelopment;
- potential for permanent ocean views of varying quality available from upper floor levels of any future tower style redevelopment of the land; and,
- the current phase of the Mandurah, commercial and residential property markets being somewhat soft, negatively impacting on development feasibility and market value levels for infill development sites over the short to medium term horizon.

Having regard to recent sales of infill development sites, we have drawn comparison to the most relevant sales evidence as detailed within Section 5 of this report.

We consider the following sales provide the strongest indication on current value levels of the subject:

- 241-249 Railway Parade, Maylands, Perth, Western Australia is currently under offer reflecting \$967/m<sup>2</sup> for a similar sized landholding (0% adjustment), situated in a superior location (-20% adjustment) with higher density underlying redevelopment potential (-15% adjustment). Overall considered superior on a rate per square metre basis. The cumulative percentage adjustment of -35% of the analysed price of \$967/m<sup>2</sup> equates to \$629/m<sup>2</sup>.
- 200 Great Eastern Highway, Lathlain, Perth, Western Australia sold in January 2013 reflecting \$757/m<sup>2</sup> for a smaller landholding (-10% adjustment) situated in an arguably slightly superior locality (-5% adjustment) with a broadly comparable underlying redevelopment potential (0% adjustment), which sold during a broadly comparable market conditions. Overall considered superior on a rate per square metre basis. The cumulative percentage adjustment of -15% of the analysed price of \$757/m<sup>2</sup> equates to \$644/m<sup>2</sup>.
- 5 Longford Road, Beaconsfield, Western Australia sold in December 2013 reflecting \$373/m<sup>2</sup> for a smaller, irregular shaped landholding (20% adjustment) situated in a broadly comparable location (0% adjustment) with significantly inferior underlying redevelopment potential (50% adjustment). Overall considered inferior on a rate per square metre basis. The cumulative percentage adjustment of 75% of the analysed price of \$373/m<sup>2</sup> equates to \$653/ m<sup>2</sup>.
- Lot 372 Country Club Drive, Dawesville, Mandurah, Western Australia currently advertised for sale asking \$501/m<sup>2</sup> for a similar sized property (0% adjustment) situated in an arguably inferior locality (20% adjustment) with broadly comparable underlying redevelopment potential (5% adjustment). Overall considered inferior on a rate per square metre basis. The cumulative percentage adjustment of 25% of the analysed price of \$501/m<sup>2</sup> equates to \$629/ m<sup>2</sup>.

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**VALUATION CERTIFICATE FOR THE ACQUISITIONS PREPARED BY KNIGHT FRANK AUSTRALIA  
DATED 9 MAY 2014 (Cont'd)**


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On balance, we consider the subject property commands an "As Is" Market Value in the order of \$600/m<sup>2</sup> and \$650/m<sup>2</sup> equating to a value range between \$9,470,400 and \$10,259,600 exclusive of any GST payable. We have adopted an "As Is" Market Value at \$10,000,000 (Australian Dollars) exclusive of any GST payable (value added tax), reflecting \$634/m<sup>2</sup>.

Our valuation calculations are provided below:

Direct Comparison Calculations			
Lot 11 Henson St	11,786sqm		
Lot 40 Mandurah Tce	3,998sqm		
Combined Land Area	15,784sqm @	\$600/sqm =	\$9,470,400
		\$650/sqm =	\$10,259,600
		<b>ADOPT (Australian Dollars)</b>	<b>\$10,000,000</b>
		(reflects)	\$634/sqm

In compliance with Clause 5.32 of the Asset Valuation Guidelines published by the Securities Commission Malaysia, we confirm having sourced the foreign exchange rate between Australian Dollar and the Australian Dollar (sourced from the daily exchange rates published by the Reserve Bank of Australia).

As at 2 May 2014, the published, official exchange rate equated to:

1 Australian Dollar = 3.0294 Malaysian Ringgit

As a consequence, our assessed market value at \$10,000,000 exclusive of GST (Australian Dollars) equates to \$30,294,000 in Malaysian Ringgit.

**VALUATION CERTIFICATE FOR THE ACQUISITIONS PREPARED BY KNIGHT FRANK AUSTRALIA  
DATED 9 MAY 2014 (Cont'd)**



**F. Market Value**

Acting under instructions from CME Group Berhad, Knight Frank Australia Pty Ltd has undertaken a valuation of Lot 40 Mandurah Terrace and Lot 11 Henson Street, Mandurah, Western Australia. We confirm that we have inspected the property as described herein and have prepared this report.

We advise our valuation report has been prepared in compliance with the Asset Valuation Guidelines (effective 3 August 2009) published by the Securities Commission Malaysia.

Subject to the overriding stipulations contained within the body of this report, we are of the opinion that the Market Value of the subject property assuming a sale of the freehold interest, with vacant possession detailed herein, and relevant to prevailing levels of value as at 9 May 2014 (assuming no change in market conditions between the date of inspection (2 May 2014) and the date of valuation) for financial reporting and asset determination purposes is:

**\$30,294,000 in Malaysian Ringgit**

*(Thirty Million, Two Hundred and Ninety Four Thousand Dollars) in Malaysian Ringgit*

**\$10,000,000 (exclusive of GST) in Australian Dollars**

*(Ten Million Dollars – exclusive of GST) in Australian Dollars*

Exchange Rate at 2 May 2014	1 Australian Dollar = 3.0294 Malaysian Ringgit (sourced from the daily exchange rates published by the Reserve Bank of Australia)
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*This Valuation Certificate forms part of, and should not be used or read independently from the complete report (Our Reference: V167/2014 cm0132).*

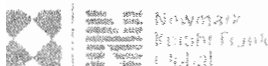
**CHRIS MURPHY FAPI**  
**Certified Practising Valuer**  
**Licensed Valuer No. 44039**  
**Senior Valuer – Valuation/Consultancy**

**Date of Signing**  
**9 May 2014**

**MARC CROWE**  
**Director – Consulting Services**

**Date of Signing**  
**9 May 2014**

*The counter-signatory verifies that this is a genuine report, issued and endorsed by Knight Frank Australia Pty Ltd. The opinion of value expressed in this report has been arrived at by the signing valuer.*



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**ADDITIONAL INFORMATION**


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**1. SHARE CAPITAL**

- (i) Save for the Rights ICULS and, if any, the new CME Shares to be issued arising from the conversion of the ICULS, no other securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of issue of this Abridged Prospectus.
- (ii) We have only one (1) class of shares, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another as at the date of this Abridged Prospectus.
- (iii) Save as disclosed in Section 3 of Appendix II of this Abridged Prospectus, there are no securities in our Company have been issued or agreed to be issued, as partly or fully paid-up for a consideration in cash or otherwise than in cash, within two (2) years preceding the date of this Abridged Prospectus.
- (iv) As of the date of this Abridged Prospectus, save as disclosed below and save for our Entitled Shareholders who will be provisionally allotted the Rights ICULS to be issued pursuant to the Rights Issue of ICULS, no other person has been or is entitled to be granted an option to subscribe for any securities of our Company:
  - (a) Under the ESOS, up to fifteen per cent (15%) of the prevailing issued and paid-up share capital of our Company (excluding treasury shares) can be issued at any one (1) time, throughout the duration of five (5) years of the ESOS (or such extended duration pursuant to the by-laws as set out under the ESOS). The subscription price of each new CME Share shall be fixed at the higher of the par value of the CME Shares of RM0.10 each or the five (5)-day VWAMP of the CME Shares at the date of offer of the ESOS, with a discount of not more than ten per cent (10%) or such other percentage of discount in accordance with any prevailing guidelines, rules or regulations issued by Bursa Securities, Listing Requirements or any other relevant authorities from time to time during the duration of the ESOS. As at the LPD, the ESOS has not been implemented.

**2. REMUNERATION OF DIRECTORS**

The following provisions are reproduced from our Company's Articles of Association. Terms defined in our Articles of Association shall have the same meanings when used herein unless they are otherwise defined herein or the context otherwise requires.

**Article 92**

*The Directors shall be paid by way of fees for their service, 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. PROVIDED ALWAYS that:-*

- (a) *fee payable to Directors who hold no 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 but may include commissions on or percentage of profit.*
- (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 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 out of the remuneration of the letter.*

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**ADDITIONAL INFORMATION (Cont'd)**


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**Article 93**

- (i) *The Directors shall be paid all their traveling and other expenses properly and necessarily expended to them in an about the business of the Company including their traveling and other expenses incurred in attending meetings of the Directors or any committee of the Directors of the Company.*
- (ii) *If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purpose of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determine by the Board provided that in the case of non-executive Directors of the Company, the said remuneration shall not include a commission on a percentage of profits or turnover. In the case of an Executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.*

**3. MATERIAL CONTRACTS**

Save as disclosed below as well as the contracts disclosed in Section 3 of this Abridged Prospectus, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this Abridged Prospectus:

- (i) Offer and acceptance contract dated 9 May 2014 for the acquisition of the Land 1 by CMEPA from LPL for a cash consideration of RM22,401,000;
- (ii) Offer and acceptance contract dated 9 May 2014 for the acquisition of the Land 2 by CMEPA from GHPL for a cash consideration of RM7,599,000; and
- (iii) The Trust Deed dated 15 October 2014 entered into between CME and Pacific Trustees whereby Pacific Trustees has agreed to act as trustee of the Trust Deed for the benefit of the holders of the ICULS.

**4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

Save as disclosed below, as at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of our Company have no knowledge of any proceedings pending or threatened against our Company and/or any of our subsidiaries or of any facts likely to give rise to any proceedings which might adversely and materially affect the financial position or business of our Company and/or any of our subsidiaries:

- (i) **Bellajade Sdn Bhd (“Bellajade”) v CME  
Kuala Lumpur High Court Suit No. 22NCVC-19-01/201**

On 21 February 2013, our Company had entered into a tenancy agreement dated 21 February 2013 with Bellajade (“**Tenancy Agreement**”), whereby our Company agreed to rent from Bellajade a twenty three (23)-storey office building known as Plaza Palas bearing the postal address Plaza Palas, Lorong Palas, Off Jalan Ampang, Kuala Lumpur, for a rental of RM1,018,750.00 per month commencing from 20 February 2013, for a tenancy term of three (3) years. It was the intention of our Company to sublet the units in Plaza Palas for investment purpose. However, our Company was subsequently informed by our solicitors that the Tenancy Agreement entered into was bound to be invalid as Bellajade has certain disputes over the property with the previous owner. Hence, our Company had since disputed the Tenancy Agreement and ceased to rent and pay the rental.

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**ADDITIONAL INFORMATION (Cont'd)**

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On 12 May 2014, our Company had been served with the Writ of Summon and the Statement of Claim by the Kuala Lumpur High Court in relation to a claim filed by Bellajade. Bellajade has commenced the action against our Company arising from the disputes in relation to the Tenancy Agreement.

Bellajade is claiming for an outstanding amount of RM8,401,756.85 as of 27 December 2013, rental payment for January 2014 and every subsequent monthly rental payment until the end of tenancy period of three (3) years, interest attached to the outstanding amount and such other related costs (“Claims”).

The case management has been fixed on 20 August 2014 and it was further adjourned to 12 September 2014. On 12 September 2014, the Court has fixed the case to be tried on the 3 and 4 December 2014.

Our Company has sought legal advice from its solicitors with regards to the above Suit and subsequently filed in a Statement of Defence and Counter Claim against Bellajade on 23 May 2014. In the event that the suit is not in favour of our Company, the financial impact to our Group will be up to the Claims as ordered by the High Court. The operations of our Group will not be affected by the Claims. However, our Company’s solicitors are of the opinion that our Company has a reasonably good defence to the Claims.

**5. GENERAL**

- (i) The nature of our Group’s business is described in Appendix II of this Abridged Prospectus. There are no other corporations which are deemed related to us by virtue of Section 6 of the Act, except as disclosed in Section 6 of Appendix II of this Abridged Prospectus.
- (ii) The estimated expenses in relation to the Corporate Exercises of approximately RM1.00 million will be defrayed by the partial proceeds raised from the Rights Issue of ICULS.
- (iii) There are no existing or proposed service contracts between our Directors and our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.
- (iv) Our Directors are not aware of any material information, including special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group, except as disclosed in Sections 9 and 11 of this Abridged Prospectus.
- (v) Save as disclosed in Section 10 of this Abridged Prospectus and the risk factors mentioned in Section 8 of this Abridged Prospectus, the financial conditions and operations of our Group are not affected by any of the following:
  - (a) known trends or known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the liquidity of our Group increasing or decreasing in any material way;
  - (b) material commitments for capital expenditure of our Group;
  - (c) unusual or infrequent events or transactions or any significant economic changes that materially affect the amount of reported income from our operations;
  - (d) known trends or uncertainties that have had, or that our Group reasonably expects will have, a material favorable or unfavorable impact on our revenue or operating income; and
  - (e) fluctuation in our Group’s revenue.

**6. CONSENTS**

Our Adviser, Due Diligence Solicitors, Company Secretaries, Trustee, ICULS Registrar, Principal Bankers and Bloomberg Finance L.P. have given and have not subsequently withdrawn their respective written consents to the inclusion in this Abridged Prospectus of their names and all references thereto, in the form and context in which they appear in this Abridged Prospectus.

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**ADDITIONAL INFORMATION (Cont'd)**


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Messrs. Siew Boon Yeong & Associates, our Reporting Accountants, has given and has not subsequently withdrawn its written consent to the inclusion in this Abridged Prospectus of its name, the proforma consolidated statements of financial position of our Company as at 31 December 2013 together with the Reporting Accountants' letter thereon and all references thereto, in the form and context in which they appear in this Abridged Prospectus.

Messrs. Deloitte & Touche, our Auditors, has given and has not subsequently withdrawn its written consent to the inclusion in this Abridged Prospectus of its name, the audited consolidated financial statements of our Company for the FYE 31 December 2013 together with the Auditors' report thereon and all references thereto, in the form and context in which they appear in this Abridged Prospectus.

Knight Frank Australia, our Independent Registered Valuer, has given and has not subsequently withdrawn its written consent to the inclusion in this Abridged Prospectus of its name, the valuation certificate for the Acquisition dated 9 May 2014 and all references thereto, in the form and context in which they appear in this Abridged Prospectus.

## 7. CONFLICT OF INTERESTS

Save as disclosed below, PIVB has given its confirmation that it has no directorship with our Group nor any equity and/or financial relationship with our Group, our Directors and/or our substantial shareholders that may give rise to a conflict of interest situation in its capacity to act as the Adviser in connection with the Rights Issue of ICULS.

PIVB is a wholly-owned subsidiary of Public Bank Berhad ("PBB"). PIVB and also PBB and its subsidiaries companies ("PBB Group") form a diversified financial group and involve in a wide range of commercial and investment banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. PBB Group engages in transactions with and performs services for our Group and/or our affiliates in the ordinary course of business and/or has engaged, and in the future may engage, in commercial banking, investment banking and other services in the ordinary course of business with our Group and/or our affiliates.

PIVB has considered the factors involved and believes that its objectivity and independence as the Adviser are maintained at all times, notwithstanding the aforementioned services entered into with our Group and/or our affiliates, for the following reasons:

- (i) PIVB is a licensed investment bank regulated by BNM and the SC. The appointment as the Adviser to our Company for the Rights Issue of ICULS is in the ordinary course of its business. There are adequate standard operating policies and procedures including "Chinese Wall" as prescribed by the regulators, segregating the corporate finance and advisory business of PIVB from all other business units of PIVB and also the PBB Group;
- (ii) PIVB's role as the Adviser has been carried out professionally and objectively guided by the relevant terms of the due diligence planning memorandum of the Due Diligence Working Group ("DDWG") set up in accordance with the relevant guidelines of the SC. The due diligence processes and the verification exercises undertaken by the DDWG involving the participation by the Directors and senior management of our Company, the Reporting Accountants, the Due Diligence Solicitors, the Company Secretary, the Valuer and PIVB have been duly undertaken and performed in relation to the preparation of relevant documents (including this Abridged Prospectus) relating to the Rights Issue of ICULS;
- (iii) PIVB does not receive or derive any financial interest or monetary benefit from the implementation of the Rights Issue of ICULS other than the professional fees charged in relation to its role as the Adviser; and
- (iv) the gross proceeds that to be raised from the Rights Issue of ICULS would be utilised to fund the Acquisitions and working capital requirements of our Group.



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**ADDITIONAL INFORMATION (Cont'd)**

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In view of the above, PIVB is of the view that the aforementioned services, entered into in the ordinary course of business with our Group and/or our affiliates, are not significant to give rise to a conflict of interest situation in its capacity as the Adviser in connection with the Rights Issue of ICULS.

Messrs. Ben & Partners and Messrs. Siew Boon Yeong & Associates have given their respective confirmations that they have no directorship with our Group nor any equity and/or financial relationship with our Group, our Directors and/or our substantial shareholders that may give rise to a conflict of interest situation in their capacity to act as the Due Diligence Solicitors and Reporting Accountants, respectively in connection with the Rights Issue of ICULS.

Knight Frank Australia has given its confirmation that it has no directorship with our Group nor any equity and/or financial relationship with our Group, our Directors and/or our substantial shareholders that may give rise to a conflict of interest situation in its capacity to act as the Independent Registered Valuer in connection with the Acquisitions.

Pacific Trustees has given its confirmation that it has no directorship with our Group nor any equity and/or financial relationship with our Group, our Directors and/or our substantial shareholders that may give rise to a conflict of interest situation in its capacity to act as the Trustee for the holders of the ICULS to be issued pursuant to the Rights Issue of ICULS.

**8. DOCUMENTS FOR INSPECTION**

Copies of the following documents will be made available for inspection at our Registered Office from Mondays to Fridays (excluding public holidays) during business hours for a period of twelve (12) months from the date of this Abridged Prospectus:

- (i) our Memorandum and Articles of Association;
- (ii) the Trust Deed constituting the ICULS;
- (iii) the Contracts;
- (iv) the letters of Irrevocable Undertaking by IMHSB dated 8 May 2014 as referred to in Section 4 of this Abridged Prospectus;
- (v) our proforma consolidated statements of financial position as at 31 December 2013 together with the Reporting Accountants' letter thereon as set out in **Appendix III** of this Abridged Prospectus;
- (vi) our audited consolidated financial statements for the past two (2) FYEs 31 December 2012 and 2013;
- (vii) our latest unaudited consolidated financial statements for the FPE 30 June 2014 as set out in **Appendix V** of this Abridged Prospectus;
- (viii) our Directors' Report as set out in **Appendix VI** of this Abridged Prospectus;
- (ix) the valuation report and valuation certificate from Knight Frank Australia as set out in **Appendix VII** of this Abridged Prospectus;
- (x) the material contracts as referred to in Section 3 of this Appendix;
- (xi) the relevant cause papers in relation to the material litigation as referred to in Section 4 of this Appendix; and
- (xii) the letters of consent and confirmation as referred to in Sections 6 and 7 of this Appendix.

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**ADDITIONAL INFORMATION (Cont'd)**

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**9. RESPONSIBILITY STATEMENTS**

- (i) Our Directors have seen and approved the Documents and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in the Documents false or misleading; and
- (ii) PIVB, being our Adviser, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue of ICULS.

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