All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

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 ADVISERS IMMEDIATELY. If you have sold or transferred all your shares in G3 Global, you should immediately hand this AP together with the NPA and RSF (collectively referred to as "**Documents**") to the purchaser or transferee or agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all enquiries concerning the Rights Issue of Shares with Warrants to our share registrar, AGRITEUM Share Registration Services Sdn Bhd at 2nd Floor, Wisma Penang Garden, 42, Jalan Sultan Ahmad Shah, 10050 Penang.

The Documents are only despatched to our Entitled Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 7 September 2017 at their registered addresses in Malaysia. The Documents are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue of Shares with Warrants or the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue of Shares with Warrants in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of the Entitled Shareholders and/or their renouncees (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional advisers as to whether their acceptance or renunciation (as the case may be) of their entitlement to the Rights Issue of Shares with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renouncees (if applicable) should note the additional terms and restrictions as set out in Section 9 of this AP. Neither our Company nor TA Securities shall accept any responsibility or liability whatsoever to any party in the event that any acceptance or sale/renunciation made by the Entitled Shareholders, and/or their renouncees (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholder and/or his renouncee (if applicable) is a resident.

A copy of this AP has been registered with the SC. The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue of Shares with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this AP, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

Our shareholders have approved the Rights Issue of Shares with Warrants at the Extraordinary General Meeting held on 8 May 2017. Bursa Securities had vide its letter dated 28 March 2017 approved the admission of the Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and the new G3 Global Shares to be issued upon the exercise of the Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue of Shares with Warrants. The admission of the Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and new G3 Global Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of Shares with Warrants. Neither Bursa Securities nor the SC takes any responsibility for the correctness of any statement made or opinions expressed in the Documents. The listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of the Entitled Shareholders and/or their renouncees (if applicable) have been duly credited and notices of allotment have been despatched to the Entitled Shareholders and/or their renouncees (if applicable).

Our Board has seen and approved all the documentation relating to this Rights Issue of Shares with Warrants. Our Board collectively and individually accepts full responsibility for the accuracy of the information given and confirms that, after having made all reasonable inquiries, and to the best of our Board's knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these Documents false or misleading.

TA Securities, being the Adviser for the Rights Issue of Shares with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue of Shares with Warrants.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 5 HEREIN.

G3 Global

G3 GLOBAL BERHAD
(FORMERLY KNOWN AS YEN GLOBAL BERHAD)
(Company No. 570396-D)
(Incorporated in Malaysia under the Companies Act 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 275,000,000 NEW ORDINARY SHARES IN G3 GLOBAL BERHAD *(FORMERLY KNOWN AS YEN GLOBAL BERHAD)* ("G3 GLOBAL SHARES") ("RIGHTS SHARES") ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 1 EXISTING G3 GLOBAL SHARE HELD AS AT 5.00 P.M. ON 7 SEPTEMBER 2017 AT AN ISSUE PRICE OF RM0.20 PER RIGHTS SHARE, TOGETHER WITH UP TO 206,250,000 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 3 WARRANTS FOR EVERY 4 RIGHTS SHARES SUBSCRIBED FOR

Adviser and Underwriter

TA SECURITIES
A MEMBER OF THE TA GROUP
TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Underwriters

KAF Investment Bank Berhad (20657-W)
Malacca Securities Sdn Bhd (16121-H)
Mercury Securities Sdn Bhd (113193-W)
SJ Securities Sdn Bhd (141671-T)
UOB Kay Hian Securities (M) Sdn Bhd (194990-K)

IMPORTANT RELEVANT DATES AND TIME		
Entitlement date	:	Thursday, 7 September 2017 at 5.00 p.m.
Last date and time for:		
Sale of provisional allotment of rights	:	Thursday, 14 September 2017 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Tuesday, 19 September 2017 at 4.00 p.m.
Acceptance and payment	:	Monday, 25 September 2017 at 5.00 p.m.
Excess application and payment	:	Monday, 25 September 2017 at 5.00 p.m.

This Abridged Prospectus is dated 7 September 2017

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this AP unless stated otherwise.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE WARRANTS TO THE OFFICIAL LIST OF THE MAIN MARKET OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, WARRANTS AND THE NEW SHARES TO BE ISSUED PURSUANT TO THE EXERCISE OF THE WARRANTS ON THE MAIN MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE OF SHARES WITH WARRANTS.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

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 ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP 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.

WE AND OUR ADVISER HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS AP.

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this AP and the accompanying appendices:

"5D-VWAP"	:	5-day volume weighted average market price
"Act"	:	Companies Act 2016 as amended, modified or re-enacted from time to time
"Announcement"	:	The announcement of the Corporate Exercises dated 22 November 2016
"Announcement LPD"	:	21 November 2016, being the latest practicable date prior to the Announcement
"AP"	:	This Abridged Prospectus issued by our Company dated 7 September 2017
"Atilze"	:	Atilze Digital Sdn Bhd, a wholly-owned subsidiary of our Company
"Axiata"	:	Axiata Group Berhad
"BNM"	:	Bank Negara Malaysia
"Board"	:	Board of Directors of our Company
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CAGR"	:	Compounded annual growth rate
"CDS"	:	Central Depository System
"Code"	:	Malaysian Code on Take-Overs and Mergers 2016
"Connected Cities"	:	Deployment of a city-wide LoRa network together with associated applications and services for smart cities
"Connected Vehicles"	:	Connected car solutions
"Constitution"	:	Memorandum and Articles of Association of our Company as adopted before the commencement of the Act
"Corporate Exercises"	:	Share Capital Reduction, Rights Issue of Shares with Warrants and Diversification, collectively
"Deed Poll"	:	The document constituting the Warrants dated 22 August 2017
"Director"	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 4 of the Act and Section 2(1) of the Capital Markets and Services Act 2007
"Distributorship Agreement"	:	Distributorship agreement dated 24 March 2016 between Atilze and Gemtek Tech whereby Atilze acts as Gemtek Tech's distributor to promote, market and sell Gemtek Tech's ICT-related products in the areas of broadband, LTE and IoT
"Diversification"	:	Diversification of the business of our Company to include ICT which has been approved by our shareholders at the EGM
"EGM"	:	Extraordinary general meeting of our Company held on 8 May 2017
"ELSB"	:	Extreme Lifestyle (M) Sdn Bhd, a major shareholder of our Company

"Entitled Shareholders"	:	Our shareholders whose names appear in our Company's Record of Depositors on the Entitlement Date
"Entitlement Date"	:	7 September 2017 at 5.00 p.m. being the date and time on which our shareholders must be registered on the Record of Depositors in order to be entitled to the Rights Issue of Shares with Warrants
"EPS"	:	Earnings per Share
"ETP"	:	Economic Transformation Programme
"FPE"	:	Financial period ended / financial period ending, as the case may be
"FYE"	:	Financial year ended / financial year ending, as the case may be
"G3 Global" or "Company"	:	G3 Global Berhad *(formerly known as Yen Global Berhad)*
"G3 Global Group" or "Group"	:	G3 Global and our subsidiaries, collectively
"G3 Global Shares" or "Shares"	:	Ordinary shares in our Company
"GDP"	:	Gross domestic product
"Gemtek Tech"	:	Gemtek Technology Co. Ltd, the parent company of GIC
"GIC"	:	Gemtek Investment Co. Ltd, a wholly-owned subsidiary of Gemtek Tech and a major shareholder of our Company
"GLKM"	:	Gerard Lim Kim Meng
"GNI"	:	Gross national income
"GP"	:	Gross profit
"GPB"	:	Green Packet Berhad, a major shareholder of our Company
"GST"	:	Malaysian Goods and Services Tax
"ICT"	:	Information and communications technology
"IMR Report"	:	Independent market research report on the retail industry, apparel industry, ICT industry and IoT industry by Smith Zander
"IoT"	:	Internet of Things
"Issue Price"	:	The issue price pursuant to the Rights Issue of Shares with Warrants of RM0.20 per Rights Share
"KAF IB"	:	KAF Investment Bank Berhad
"LAT"	:	Loss after taxation
"LBH"	:	Lim Boon Hong
"LBITDA"	:	Loss before interest, tax, depreciation and amortisation
"LBT"	:	Loss before taxation
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LoRa"	:	Long range
"LPD"	:	18 August 2017, being the latest practicable date prior to the registration of this AP

DEFINITIONS (*CONT'D*)

"LPWAN"	:	Low-power wide area network
"LPS"	:	Loss per Share
"LTE"	:	Long-term evolution
"Malacca Securities"	:	Malacca Securities Sdn Bhd
"Market Day"	:	A day on which Bursa Securities is open for the trading of securities
"Maximum Scenario"	:	Full subscription of the Rights Shares with Warrants
"MDEC"	:	Malaysia Digital Economy Corporation
"Mercury Securities"	:	Mercury Securities Sdn Bhd
"Minimum Scenario"	:	The Minimum Subscription Level
"Minimum Subscription Level"	:	Minimum level of subscription of 243,000,000 Rights Shares together with 182,250,000 Warrants pursuant to the Undertakings and Underwriting
"NA"	:	Net assets
"NPA"	:	Notice of Provisional Allotment in relation to the Rights Issue of Shares with Warrants
"Official List"	:	A list specifying all securities listed which have been admitted for listing on the Main Market of Bursa Securities and not removed
"R&D"	:	Research and development
"Record of Depositors"	:	A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
"Rights Issue of Shares with Warrants"	:	Renounceable rights issue of up to 275,000,000 Rights Shares on the basis of 2 Rights Shares for every 1 existing G3 Global Share held on the Entitlement Date, together with up to 206,250,000 Warrants on the basis of 3 Warrants for every 4 Rights Shares subscribed for
"Rights Shares"	:	Up to 275,000,000 new G3 Global Shares to be issued pursuant to the Rights Issue of Shares with Warrants
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form in relation to the Rights Issue of Shares with Warrants
"Rules"	:	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the Capital Markets and Services Act 2007
"Rules of Bursa Depository"	:	Rules of Bursa Depository including the rules in relation to a central depository as described in Section 2 of the SICDA
"SC"	:	Securities Commission Malaysia
"Share Capital Reduction"	:	Share capital reduction of RM55,000,000 pursuant to Section 116 of the Act, as completed on 8 August 2017
"Share Registrar"	:	AGRITEUM Share Registration Services Sdn Bhd
"SICDA"	:	Securities Industry (Central Depositories) Act, 1991
"SJ Securities"	:	SJ Securities Sdn Bhd

DEFINITIONS (*CONT'D*)

"Smith Zander"	:	Smith Zander International Sdn Bhd
"TA Securities" or the "Adviser"	:	TA Securities Holdings Berhad
"TEAP"	:	Theoretical ex-all price of G3 Global Shares
"TERP"	:	Theoretical ex-rights price of G3 Global Shares
"Undertaking Shareholders"	:	GPB and GIC, collectively
"Undertakings"	:	Written irrevocable and unconditional written undertakings from our substantial shareholders, namely GPB and GIC (including any nominee duly appointed by GIC), both dated 12 April 2017, to subscribe in full for their entitlements in the Rights Shares arising from the Rights Issue of Shares with Warrants based on their shareholdings as at the LPD
"Underwriters"	:	TA Securities, KAF IB, Malacca Securities, Mercury Securities, SJ Securities and UOB Kay Hian, collectively
"Underwriting"	:	Underwriting for 100,000,000 Rights Shares for which no unconditional and irrevocable written undertakings have been obtained from other shareholders of our Company
"Underwriting Agreement"	:	Underwriting agreement dated 22 August entered into between our Company and the Underwriters
"UOB Kay Hian"	:	UOB Kay Hian Securities (M) Sdn Bhd
"USD"	:	United States dollar
"Warrants"	:	Up to 206,250,000 free detachable warrants to be issued pursuant to the Rights Issue of Shares with Warrants

All references to "**our Company**" and/or "**G3 Global**" in this AP are to G3 Global Berhad. References to "**our Group**" and/or "**G3 Global Group**" are to G3 Global and our subsidiaries and references to "**we**", "**us**" "**our**" and "**ourselves**" are to G3 Global and where the context does require, shall include our subsidiaries.

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 to persons shall include a corporation, unless otherwise specified.

Any reference in this AP 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 AP shall be reference to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Age	Nationality	Profession
Goh Kok Beng *(Executive Chairman)*	6B, Rose Avenue 10350 Penang	56	Malaysian	Director
Yeoh Yeow Cheang *(Executive Director)*	1-M, Lorong Delima 9 Island Glades 11700 Penang	59	Malaysian	Chief Financial Officer of our Company
Lim Boon Hong *(Executive Director)*	2A, Jalan PJU3/18J Tropicana Indah 47410 Petaling Jaya Selangor	47	Malaysian	Director
Saffie Bin Bakar *(Independent and Non-Executive Director)*	14, Jalan Permai 2 Taman Sena Indah 01000 Kangar Perlis	65	Malaysian	Director
Oon Hock Chye *(Independent and Non-Executive Director)*	K-06-3, Jalan Helang Desa Permai Indah 11700 Penang	48	Malaysian	Chartered Accountant
Yong Kim Fui *(Independent and Non-Executive Director)*	0738, Jalan J16 Fasa 6, Taman Melawati 53100 Kuala Lumpur	44	Malaysian	Chartered Accountant
Huang Heng-Li *(Non-Independent and Non-Executive Director)*	10F No. 65 Jiafeng 6th Road Section 2, Chupei City, Hsinchu, Taiwan	45	Taiwanese	Director
Tan Kay Yen *(Non-Independent and Non-Executive Director)*	6, Jalan SS2/43 47300 Petaling Jaya Selangor	45	Malaysian	Chief Executive Officer of GPB
Liew Kok Seong *(Alternate Director to Tan Kay Yen)*	50, Jalan BU11/2 Bandar Utama 47800 Petaling Jaya Selangor	49	Malaysian	Chief Financial Officer of GPB

AUDIT COMMITTEE

Name	Designation	Directorship
Oon Hock Chye	Chairman	Independent and Non-Executive Director
Saffie Bin Bakar	Member	Independent and Non-Executive Director
Yong Kim Fui	Member	Independent and Non-Executive Director

CORPORATE DIRECTORY (*CONT'D*)

COMPANY SECRETARIES	:	Chee Wai Hong (BC/C/1470) Foo Li Ling (MAICSA 7019557) 51-13-A, Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang Tel. no. : 04-228 9700 Fax. no. : 04-227 9800
REGISTERED OFFICE	:	51-13-A, Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang Tel. no. : 04-228 9700 Fax. no. : 04-227 9800
HEAD/MANAGEMENT OFFICE/ PRINCIPAL PLACE OF BUSINESS	:	Lot 9233, Hala Kampung Jawa 1 Kawasan Perindustrian Bayan Lepas (Fasa 3) 11900 Bayan Lepas Penang Tel. no. : 04-646 1600 Fax. no. : 04-645 7448 Website : www.yenglobal.com E-mail address : contact@yenglobal.com
SHARE REGISTRAR	:	AGRITEUM Share Registration Services Sdn Bhd 2nd Floor, Wisma Penang Garden 42, Jalan Sultan Ahmad Shah 10050 Penang Tel. no. : 04-228 2321 Fax. no. : 04-227 2391
AUDITORS AND REPORTING ACCOUNTANTS	:	Messrs. Grant Thornton Chartered Accountants 51-8-A, Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang Tel. no. : 04-228 7828 Fax. no. : 04-227 9828
SOLICITORS FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS	:	Messrs. Peter Ling & van Geyzel B-19-4, Tower B, Northpoint Office Suites Mid Valley City No. 1, Medan Syed Putra Utara 59200 Kuala Lumpur Tel. no. : 03-2282 3080 Fax. no. : 03-2201 9880
INDEPENDENT MARKET RESEARCHER	:	Smith Zander International Sdn Bhd Suite 23-3, Level 23, Office Suite Menara 1MK 1, Jalan Kiara Mont Kiara 50480 Kuala Lumpur Tel. no. : 03-6211 2121

CORPORATE DIRECTORY (*CONT'D*)

PRINCIPAL BANKER	:	Hong Leong Bank Berhad No. 58 & 60 Jalan Tengah Taman Sri Tunas Bayan Baru 11900 Penang Tel. no. : 04-645 2881 Fax. no. : 04-645 2995
ADVISER FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS	:	TA Securities Holdings Berhad 32nd Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel. no. : 03-2072 1277 Fax. no. : 03-2026 0127
UNDERWRITERS	:	TA Securities Holdings Berhad 32nd Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel. no. : 03-2072 1277 Fax. no. : 03-2026 0127 KAF Investment Bank Berhad Level 14, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel. no. : 03-2171 0335 Fax. no. : 03-2171 0313 Malacca Securities Sdn Bhd No. 1,3 & 5, Jalan PPM 9 Plaza Pandan Malim Business Park Balai Panjang 75250 Melaka Tel. no. : 06-337 1533 Fax. no. : 06-337 1577 Mercury Securities Sdn Bhd L-7-2, No. 2, Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel. no. : 03-6203 7227 Fax. no. : 03-6203 7117 SJ Securities Sdn Bhd Ground Floor, The Podium Wisma Synergy 72, Persiaran Jubli Perak Seksyen 22, 40000 Shah Alam Selangor Darul Ehsan Tel. no. : 03-5192 0202 Fax. no. : 03-5192 0909

CORPORATE DIRECTORY (*CONT'D*)

UOB Kay Hian (M) Sdn Bhd
1st Floor, Bangunan Heng Guan
171 Jalan Burmah
10050 Pulau Pinang
Tel. no. : 04-229 9318
Fax. no. : 04-226 8788

STOCK EXCHANGE LISTING : Main Market of Bursa Securities

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Company No. 570396-D

G3 GLOBAL BERHAD
(FORMERLY KNOWN AS YEN GLOBAL BERHAD)
(Company No. 570396-D)
(Incorporated in Malaysia under the Companies Act 2016)

Registered Office:

51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

7 September 2017

Our Board of Directors:

Goh Kok Beng *(Executive Chairman)*
Yeoh Yeow Cheang *(Executive Director)*
Lim Boon Hong *(Executive Director)*
Saffie Bin Bakar *(Independent and Non-Executive Director)*
Oon Hock Chye *(Independent and Non-Executive Director)*
Yong Kim Fui *(Independent and Non-Executive Director)*
Huang Heng-Li *(Non-Independent and Non-Executive Director)*
Tan Kay Yen *(Non-Independent and Non-Executive Director)*
Liew Kok Seong *(Alternate Director to Tan Kay Yen)*

To: Our Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 275,000,000 NEW ORDINARY SHARES IN G3 GLOBAL ("G3 GLOBAL SHARES") ("RIGHTS SHARES") ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 1 EXISTING G3 GLOBAL SHARE HELD AS AT 5.00 P.M. ON 7 SEPTEMBER 2017 AT AN ISSUE PRICE OF RM0.20 PER RIGHTS SHARE, TOGETHER WITH UP TO 206,250,000 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 3 WARRANTS FOR EVERY 4 RIGHTS SHARES SUBSCRIBED FOR

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1. INTRODUCTION

Our shareholders had, at the EGM held on 8 May 2017 approved the Rights Issue of Shares with Warrants.

A certified true extract of the ordinary resolution in relation to the Rights Issue of Shares with Warrants passed at the EGM is set out in Appendix I of this AP.

Bursa Securities has vide its letter dated 28 March 2017 approved the following:

(i) listing of and quotation for up to 275,000,000 Rights Shares;

(ii) admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for up to 206,500,000 Warrants; and

(iii) listing of and quotation for up to 206,500,000 new G3 Global Shares to be issued pursuant to the exercise of the Warrants,

on the Main Market of Bursa Securities.

The approval of Bursa Securities for the Rights Issue of Shares with Warrants is subject to the following conditions:

	Conditions imposed	Status of compliance
(i)	Our Company and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of Shares with Warrants;	To be complied.
(ii)	The Rights Shares with Warrants will only be quoted and listed upon achieving full compliance of 25% of the public shareholding spread based on our enlarged share capital	To be complied.
(iii)	Our Company and TA Securities to inform Bursa Securities upon the completion of the Rights Issue of Shares with Warrants;	To be complied.
(iv)	Our Company 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 Shares with Warrants is completed; and	To be complied.
(v)	Our Company to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied.

On 22 August 2017, TA Securities had announced on our behalf that our Board has fixed the issue price of the Rights Shares at RM0.20 each. The exercise price of the Warrants was fixed at RM0.10 each at the point of the Announcement.

On 22 August 2017, TA Securities had announced on our behalf the fixing of the Entitlement Date as 7 September 2017 at 5.00 p.m. together with the other relevant dates pertaining to the Rights Issue of Shares with Warrants.

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

If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

2. DETAILS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS

As at the LPD, our Company has 137,500,000 issued Shares. Our Company proposes to issue up to 275,000,000 Rights Shares on the basis of 2 Rights Shares for every 1 existing G3 Global Share held, together with up to 206,250,000 Warrants on the basis of 3 Warrants for every 4 Rights Shares subscribed for.

The basis of 2 Rights Shares for every 1 existing G3 Global Share takes into consideration the following:

(i) the indicative issue price of the Rights Shares of RM0.20 each and the funding requirements of our Group, as detailed in the Announcement and Section 4 of this AP, respectively. At this ratio, up to RM55.0 million will be raised in accordance with our Group's requirements; and

(ii) the rationale for the Rights Issue of Shares with Warrants as set out in Section 3 of this AP.

The basis of 3 Warrants for every 4 Rights Shares takes into consideration the following:

(i) the rationale for the Rights Issue of Shares with Warrants as set out in Section 3 of this AP; and

(ii) for the Company to issue a number of warrants which complies with Paragraph 6.50 of the Listing Requirements whereby all outstanding warrants, when exercised, does not exceed 50% of the issued share capital of the listed issuer (excluding treasury shares and before the exercise of the warrants) at all times.

The entitlements for the Rights Shares with Warrants are renounceable in full or in part. However, the Rights Shares and the Warrants cannot be renounced separately. Should the Entitled Shareholders renounce all of their Rights Shares entitlements, they will not be entitled to the Warrants. If the Entitled Shareholders accept only part of their Rights Shares entitlements, they will be entitled to the Warrants in proportion to their Rights Shares acceptances.

The Rights Shares with Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renouncees (if applicable). Our Board intends to allocate the excess Rights Shares in a fair and equitable basis specified under Section 9.7 herein.

The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded from the Rights Shares on the Main Market of Bursa Securities. The Warrants will be issued in registered form and constituted by the Deed Poll.

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional allotted Rights Shares with Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue of Shares with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional Rights Shares with Warrants, as well as to apply for the excess Rights Shares with Warrants if you choose to do so.

Any dealing in our securities will be subject to the SICDA and the Rules of Bursa Depository. Accordingly, the Rights Shares with Warrants and new Shares to be issued arising from the exercise of the Warrants will be credited directly to the respective CDS Accounts of the successful applicants and exercising Warrant holders (as the case may be). No physical share certificates and warrant certificates will be issued to the Entitled Shareholders and/or their renouncees, if applicable. A notice of allotment will be despatched to the successful applicants within 8 Market Days from the last date of acceptance and payment for the Rights Issue of Shares with Warrants and a notice of allotment will be despatched to the exercising Warrant holders within 8 Market Days after the date of receipt of the subscription form together with the requisite payment (for exercise of Warrants) from the date of exercise of the Warrants. The Rights Shares and Warrants will then be quoted on the Main Market of Bursa Securities within 2 Market Days after the application for quotation is made to Bursa Securities as specified in the Listing Requirements.

2.1 Basis of determining the Issue Price of the Rights Shares and exercise price of the Warrants

(a) Rights Shares

The issue price of RM0.20 per Rights Share was arrived at after taking into consideration, among others, the TEAP[(1)] of G3 Global Shares of RM0.5383 based on the 5D-VWAP of G3 Global Shares up to and including 21 August 2017 (being the last trading day immediately preceding the price fixing date) of RM1.8722. The issue price of RM0.20 represents a discount of approximately RM0.3383 or 62.84% to the TEAP of RM0.5383.

Our Company does not intend to issue the Rights Shares at a price higher than RM0.20 each for the following reasons:

(i) to encourage a higher subscription rate by our shareholders for the Rights Shares; and

(ii) to raise a sufficient amount of proceeds which is not surplus to its present requirements as set out in Section 4 of this AP. Our Board is of the view that the amount of proceeds to be raised is sufficient as it was based on our Group's internal projections.

Note:

(1) *TEAP is computed as follows:*

$$TEAP = \frac{(A \times X) + (B \times Y) + (C \times Z)}{A + B + C}$$

where:

A = *Number of Rights Shares*

B = *Number of Warrants*

C = *Number of existing G3 Global Shares*

X = *Issue price of the Rights Shares*

Y = *Exercise price of the Warrants*

Z = *5D-VWAP of G3 Global Shares up to and including the LPD*

and the ratio of A:B:C is 4:3:2, in accordance with the entitlement basis of 2 Rights Shares for every 1 existing G3 Global Share held as at 5.00 p.m on 7 September 2017, together with 3 Warrants for every 4 Rights Shares subscribed for.

(b) Warrants

The Warrants will be issued at no cost to the Entitled Shareholders who successfully subscribed for the Rights Shares.

The exercise price of RM0.10 per Warrant was arrived at after taking into consideration, among others, the TERP of G3 Global Shares of RM0.5023 based on the 5D-VWAP of G3 Global Shares up to and including the Announcement LPD of RM1.1070. The exercise price of the Warrants of RM0.10 represents a discount of approximately RM0.4023 or 80.09% to the TERP of RM0.5023.

The exercise price of the Warrants of RM0.10 is intended to provide further incentive to the Entitled Shareholders to subscribe for the Rights Shares, and to encourage the Warrant holders to exercise their Warrants and increase their equity participation in our Company.

2.2 Ranking of the Rights Shares and the new G3 Global Shares to be issued arising from the exercise of the Warrants

The holders of the Warrants will not be entitled to any voting right or participation in any form of distribution and/or offer of further securities in our Company until and unless such holders of the Warrants exercise their Warrants into new G3 Global Shares.

The Rights Shares and the new G3 Global Shares arising from the exercise of the Warrants shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing G3 Global Shares, save and except that the Rights Shares and the new G3 Global Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distributions, the entitlement date of which is prior to the date of issuance and allotment of the Rights Shares and the new G3 Global Shares arising from the exercise of the Warrants.

2.3 Salient terms of the Warrants

The salient terms of the Warrants are as follows:

Terms		Details
Issue size	:	Up to 206,250,000 Warrants.
Form and denomination	:	The free Warrants will be issued in registered form and will be constituted by the Deed Poll.
Exercise period	:	The Warrants may be exercised at any time within 5 years commencing on and including the date of issuance of the Warrants until 5.00 p.m. on the expiry date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Exercise price	:	The exercise price of the Warrants is fixed at RM0.10 each.
Expiry date	:	The day falling 5 years from and including the date of issue of the Warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day.
Exercise rights	:	Each Warrant entitles the registered holder to subscribe for 1 new G3 Global Share at any time during the exercise period at the exercise price (subject to adjustments in accordance with the provisions of the Deed Poll).
Mode of exercise	:	The registered holder of the Warrants is required to lodge an exercise form, as set out in the Deed Poll, with our Company's registrar, duly completed, signed and stamped together with payment of the exercise price for the new G3 Global Shares subscribed for by banker's draft or cashier's order or money order or postal order in Ringgit Malaysia drawn on a bank or post office operating in Malaysia.
Board lot	:	For the purpose of trading on Bursa Securities, 1 board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new G3 Global Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time.
Adjustments in the exercise price and/or number of the Warrants	:	The exercise price and/or number of unexercised Warrants shall be adjusted in the event of alteration to the share capital by reason of any issue of shares, consolidation, subdivision, conversion or capital distribution in accordance with the provisions of the Deed Poll.
Provision for changes in the terms of the Warrants	:	Any modification to the Deed Poll (including the form and content of the global warrant certificate) may be effected only by Deed Poll, executed by our Company and expressed to be supplemental to the Deed Poll, and only if the requirement of Condition 6 of the Deed Poll has been complied with. Any modification shall however be subject to the approval of Bursa Securities (if so required).

Rights of the Warrant holders	:	The new G3 Global Shares arising from the exercise of the Warrants are not entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of issuance and allotment of the new G3 Global Shares upon the exercise of the Warrants. The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in our Company until and unless such Warrant holders exercise their Warrants into new G3 Global Shares.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	:	If a resolution is passed for a members' voluntary winding-up of our Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then: (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holder (or some person designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the Warrant holders; and (ii) in any other case, every Warrant holder shall be entitled upon and subject to the conditions at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of the court order approving the compromise or arrangement (as the case may be), to exercise their Warrants by submitting the exercise form duly completed authorising the debiting of his Warrants together with payment of the relevant exercise price to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the exercise rights to the extent specified in the exercise form(s) and had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.
Listing status	:	The Warrants will be listed and traded on the Main Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of the Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Warrants and the new G3 Global Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.
Governing law	:	The laws of Malaysia.

2.4 Minimum Subscription Level, shareholders' undertakings and underwriting arrangement

The Rights Issue of Shares with Warrants will be implemented on the basis of a Minimum Subscription Level which was determined based on our Group's funding requirements set out in Section 4 of this AP.

Our Company has obtained the Undertakings from the Undertaking Shareholders, namely GPB and GIC, that:

(i) GPB and GIC (including any nominee duly appointed by GIC) will fully subscribe for their respective entitlements. GPB and GIC have both confirmed that they have sufficient financial resources to subscribe for their respective entitlements of 60,500,000 Rights Shares and 82,500,000 Rights Shares, pursuant to the Undertakings. As the Adviser for the Rights Issue of Shares with Warrants, TA Securities has verified that the Undertaking Shareholders have sufficient financial resources to fulfil their Undertakings;

(ii) they will not dispose any of their G3 Global Shares up to the Entitlement Date; and

(iii) they will comply with the Code and the Rules at all times.

If any Entitled Shareholders (including the Undertaking Shareholders and any party acting in concert with the Entitled Shareholders) exercise their Warrants into new G3 Global Shares such that their shareholdings fall into any of the following situations, they will be obliged to undertake a mandatory general offer for all the remaining G3 Global Shares and any convertible securities not already held by them, pursuant to the Code and Rule 4 of the Rules:

(i) their shareholdings increase to above 33%; or

(ii) where their aggregate shareholdings is between 33% and 50%, an increase by more than 2% in any 6-month period.

After taking the Undertakings into consideration, the subscription of the Rights Shares with Warrants by the Undertaking Shareholders will not give rise to any consequences of mandatory general offer obligations pursuant to the Code and the Rules.

For the remaining portion of the Rights Shares under the Minimum Subscription Level, we have entered into the Underwriting Agreement with the Underwriters to severally but not jointly underwrite 100,000,000 Rights Shares (representing 41.15% of the total issue size of the Rights Issue of Shares with Warrants based on the Minimum Subscription Level) for which no unconditional and irrevocable written undertaking to subscribe has been obtained from other shareholders. The underwriting commission is 2.00% of the value of the underwritten shares, amounting to RM424,000 (inclusive of GST of RM16,500). The underwriting commission payable to the Underwriters and all other costs in relation to the Underwriting will be fully borne by our Company.

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Details of the Undertakings and the Underwriting based on the Minimum Subscription Level are as summarised below:

	Record of Depositors as at the LPD		Minimum Subscription Level	
	No. of G3 Global Shares	%	No. of Rights Shares	%(1)
Undertaking Shareholders				
GPB	30,250,000	22.00	60,500,000	24.90
GIC	41,250,000	30.00	82,500,000(2)	33.95
Underwriters				
TA Securities	-	-	19,000,000	7.82
KAF IB	-	-	19,000,000	7.82
Malacca Securities	-	-	19,000,000	7.82
Mercury Securities	-	-	19,000,000	7.82
UOB Kay Hian	-	-	19,000,000	7.82
SJ Securities	-	-	5,000,000	2.05
Total	**71,500,000**	**52.00**	**243,000,000**	**100.00**

Notes:

(1) Based on 243,000,000 Rights Shares under the Minimum Subscription Level.

(2) To be held by GIC and/or its duly appointed nominee, if any.

Our Company's proforma public shareholding spread before and after the issuance of Rights Shares, based on the Minimum Subscription Level, are as summarised below:

	Record of Depositors as at the LPD		Minimum Subscription Level	
	No. of G3 Global Shares	%	No. of G3 Global Shares	%
Substantial shareholders				
GPB	30,250,000	22.00	90,750,000	23.85
GIC	41,250,000	30.00	123,750,000(1)	32.52
ELSB	30,000,000	21.82	30,000,000	7.88
Directors				
Yeoh Yeow Cheang	71,700	0.05	71,700	0.02
Saffie Bin Bakar	54,200	0.04	54,200	0.01
Public shareholders	35,874,100	26.09	35,874,100	9.43
Underwriters				
TA Securities	-	-	19,000,000	4.99
KAF IB	-	-	19,000,000	4.99
Malacca Securities	-	-	19,000,000	4.99
Mercury Securities	-	-	19,000,000	4.99
UOB Kay Hian	-	-	19,000,000	4.99
SJ Securities	-	-	5,000,000	1.34
Total	**137,500,000**	**100.00**	**380,500,000**	**100.00**

Note:

(1) To be held by GIC and/or its duly appointed nominee, if any.

As set out in Section 1 of this AP, the Rights Shares with Warrants will only be quoted and listed upon our Company fully complying with Paragraph 8.02(1) of the Listing Requirements. After taking into consideration of the Undertakings and Underwriting, based on the Minimum Subscription Level, our Company has achieved full compliance of 25% of the public shareholding spread based on our enlarged issued share capital after the Rights Issue of Shares with Warrants. The subscription of the Rights Shares by the Undertaking Shareholders and Underwriters will not give rise to any mandatory general offer obligations pursuant to the Code. Nonetheless, the Undertaking Shareholders and Underwriters have given their respective confirmations to observe and comply at all times with the provisions of the Code and the Rules.

In the event the Minimum Subscription Level is not achieved, our Company will not continue with the implementation of the Rights Issue of Shares with Warrants. As a result, any monies received will be returned immediately to the shareholders of our Company and/or their renouncee(s) (if applicable) who have submitted their applications for the subscriptions of the Rights Shares.

2.5 Details of other corporate exercises

As at the LPD, save for the Rights Issue of Shares with Warrants, there is no outstanding corporate proposal which has been announced but pending completion.

3. RATIONALE FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS

Taking into cognisance the current financial position of our Group, as well as after due consideration of the various available methods to raise funds, our Board is of the opinion that the Rights Issue of Shares with Warrants is currently an appropriate option as:

(i) it will allow our Company to raise funds without incurring interest costs compared to other means of financing, such as bank borrowings or the issuance of debt instruments;

(ii) it will enable our Group to raise funds for purposes as set out in Section 4 of this AP, such as to fund the development of an IoT gateway and service platform as well as Connected Vehicles equipment, R&D costs, investment in a new product line, distribution of new products, repayment of bank borrowings and working capital requirements, all of which are expected to contribute positively to the future earnings of our Group and improve our financial performance;

(iii) it will involve the issuance of new G3 Global Shares without diluting our existing shareholders' equity interest, assuming all Entitled Shareholders fully subscribe for their respective entitlements and exercise their Warrants subsequently. The Undertakings would allow the substantial shareholders of our Company to extend their support for the Rights Issue of Shares with Warrants which will facilitate our Group to raise the necessary funds;

(iv) it will provide an opportunity for our existing shareholders to increase their equity participation in our Company arising from the subscription of the Rights Shares with Warrants;

(v) the Warrants will increase the attractiveness of the Rights Issue of Shares with Warrants by providing an incentive for our shareholders to subscribe for their entitlements and hence, providing them with the potential capital appreciation arising from the exercise of the Warrants, depending on the future performance of G3 Global Shares; and

(vi) the Warrants will enable our Company to raise further proceeds from the equity market as and when any of the Warrants are exercised while at the same time provide the shareholders of our Company with the opportunity to increase their equity participation in our Company at a pre-determined price over the tenure of the Warrants.

4. UTILISATION OF PROCEEDS

Based on the Issue Price, the gross proceeds are intended to be utilised in the following manner:

Utilisation purposes	Note	Minimum Scenario (RM)	Maximum Scenario (RM)	Expected time frame for the utilisation of proceeds (from the date of listing of the Rights Shares)
Expansion of our Group's ICT business	(1)	33,025,000	37,113,000	Within 24 months
Expansion of our Group's apparel business	(2)	4,375,000	4,375,000	Within 24 months
Repayment of borrowings	(3)	8,000,000	8,000,000	Within 3 months
Working capital	(4)	2,000,000	4,312,000	Within 6 months
Expenses in relation to the Corporate Exercises	(5)	1,200,000	1,200,000	Within 2 weeks
Total proceeds		**48,600,000**	**55,000,000**	

Notes:

(1) Atilze is principally involved in the sales of ICT equipment, devices, wholesale voice and IoT products and services. Our Group intends to grow our ICT business with additional working capital. The proceeds will be utilised by our ICT business as follows:

Expansion of our ICT business	**Minimum Scenario RM'000**	**Maximum Scenario RM'000**
(a) Capital expenditure to develop an IoT gateway and service platform as well as Connected Vehicles equipment	29,820	31,920
(b) R&D expenses	1,500	1,500
(c) Sales and marketing expenses	1,705	3,693
Total	**33,025**	**37,113**

(a) Atilze had on 24 March 2016 entered into the Distributorship Agreement with Gemtek Tech.

Gemtek Tech had via its investment arm, GIC, invested in G3 Global Shares via a private placement exercise completed on 13 June 2016, and as at the LPD holds 30% of our Company. Gemtek Tech supports Atilze's operations both technically in terms of supplying ready-solutions as well as business development activities.

Gemtek Tech, which is listed on the Taiwan Stock Exchange and has an annual revenue of NT$14.51 billion for the audited FYE 31 December 2016, is also a pioneer member of the LoRa Alliance, an open non-profit association for driving the adoption of IoT. LoRa is an open standard for LPWAN, which are created to connect low-power devices such as sensors over a wide area at lower prices.

IoT is anticipated to connect millions of everyday objects using inexpensive microsensors so that objects have network connectivity. Aided by LoRa technology, Atilze is looking to pioneer the building of an IoT network in Malaysia with the help of Gemtek Tech. Gemtek Tech has successfully developed and implemented the following IoT projects:

(i) An open platform for developers to develop smart city applications in Taipei Smart City, Taiwan;

(ii) A tracking application which is able to track scooters and detect manholes in Zhongshan City, Guangdong Province, China;

(iii) A monitoring and tracking application which includes intelligent street lighting, smart car parking, meter reading and construction monitoring in Beijing, China;
(iv) A cattle tracking application in Hokkaido, Japan;
(v) A bridge monitoring application in Kyushu, Japan;
(vi) A vending machine monitoring application in Akihabara, Japan;
(vii) A shopping cart application in Ikebukuro, Japan; and
(viii) A commercial vehicle tracking application for truck fleet of gas tanks in Sydney, Australia.

As such, our Group intends to utilise up to RM37.11 million to, amongst others, purchase software, hardware and testing equipment, develop platforms and applications, recruit talent specialising in ICT, specifically in IoT products and services.

Premised on the above, Atilze is at the preliminary stage of evaluating the expansion plans and strategies to implement the LoRa IoT network. Details have not been finalised at this juncture.

Capital expenditure	**Minimum Scenario RM'000**	**Maximum Scenario RM'000**
(i) IoT gateway and platform deployment costs	8,820	8,820
(ii) IoT gateway and platform operating costs	6,300	6,300
(iii) Connected Vehicles devices costs and installation costs	14,700	16,800
Total	**29,820**	**31,920**

(i) The breakdown of the deployment costs for the IoT gateway and platform is as follows:

	RM'000
Purchase of LoRa equipment	2,940
Installation costs	4,410
Development of LoRa e-services platform	1,470
Total	**8,820**

Atilze targets to identify an estimated 350 project sites in Malaysia and Indonesia whereby it intends to deploy IoT gateways which will form the backbone of its LoRa IoT network. The project sites in Malaysia will potentially be in Klang Valley, Penang, Johor Bahru and other urban towns while the project sites in Indonesia will be in several second-tier cities such as Surabaya, Bandung, Medan and Bali.

Atilze has chosen Indonesia for the deployment of IoT gateways due to, amongst others, the potential demand from interested customers and industry segments who are keen to adopt IoT in their business operations, the readiness of Indonesian companies to invest in IoT, the ease of penetrating the Indonesian ICT market, the size of the Indonesian market compared to other South East Asian countries and the large talent pool of ICT professionals which will be able to meet Atilze's employment needs.

Second-tier Indonesian cities were chosen for the deployment of IoT gateways as they have the most potential for growth. The size of industries such as tourism, agriculture and aquaculture in these second-tier Indonesian cities is relatively large and Atilze is currently in talks with several parties for its IoT solutions and is in the midst of deploying several proof-of-concept projects within these second-tier Indonesian cities.

As at LPD, Atilze has identified some sites mainly within the Klang Valley for the deployment of the IoT gateways. 2 contractors have been appointed for the installation and field testing works at these identified sites. Currently, 27 IoT gateways in the Klang Valley and 2 IoT gateways in Cyberjaya have been completed. Notwithstanding the above, Atilze may set up project sites to other cities within ASEAN countries, should better prospect arises.

Atilze is primarily targeting industrial and urban areas with potential for IoT and smart cities application. Atilze will be working closely with local town councils, housing developers and other enterprise solution providers to ensure the sites are suitable for deployment of the IoT gateways.

Atilze intends to generate revenue from the LoRa IoT network through the sale of IoT hardware such as sensors, devices and gateways, licensing of Atilze's IoT Cloud Platform (for both applications and date usage) and charging a service subscription fee for the LoRa IoT network.

(ii) Atilze intends to set aside a total of RM6.3 million for IoT gateway and platform operating costs. The operating costs for the project sites are estimated to be RM18,000 for each of the 350 sites. Operating costs consist of rental costs, utilities, maintenance costs and other associated costs for the upkeep of the project sites.

(iii) Atilze intends to roll out its Connected Vehicles with an initial 35,000 and 40,000 Connected Vehicles related devices and equipment under the Minimum Scenario and Maximum Scenario, respectively. The estimated costs per unit of the devices, inclusive of installation costs, is RM420 per unit. This translates to RM14.7 million and RM16.8 million under the Minimum Scenario and Maximum Scenario, respectively.

Atilze intends to deploy Connected Vehicles related devices and equipment mainly through car manufacturers, car distributors and commercial fleet owners. Atilze will also be selling the said devices and equipment directly to car owners and will be collaborating with insurers.

On 13 December 2016, Atilze had entered into a contract with Volkswagen Malaysia for the sale of an initial 200 units of Connected Vehicles related devices and equipment valued at RM0.13 million.

Atilze targets to sell approximately RM1.0 million worth of Connected Vehicles related devices and equipment through telecommunications related companies and car distributors in 2017. In addition to the above mentioned contract with Volkswagen Malaysia, Atilze is expecting a further order from Volkswagen Malaysia for Connected Vehicles related devices and equipment in September 2017. Atilze has also entered into collaboration agreements with U Mobile and Axiata (as set out in Section 6.7(ii) of this AP) to sell Connected Vehicles related devices and equipment and is expected to deliver Connected Vehicles devices to Axiata by November 2017.

As at the LPD, Atilze is in negotiations with more than 10 major car distributors in Indonesia, local and foreign brand car manufacturers and distributors in Malaysia, major commercial fleet owners in Malaysia and Indonesia as well as certain insurers in Malaysia and Indonesia for the sale of Connected Vehicles related devices and equipment.

Any surplus or shortfall for any category of capital expenditure will be adjusted against one or more of the other categories of capital expenditure.

(b) Our Group intends to utilise approximately RM1.50 million to research and develop IoT devices, testing equipment, engineering costs and other related IoT platforms and applications. Our Group will need to invest in certain R&D activities to customise its IoT products and services to its customers' needs and to keep abreast with the latest developments and trends in the industry such as the adoption of IoT by consumers.

(c) Atilze intends to utilise approximately RM1.71 million (under the Minimum Scenario) and RM3.69 million (under the Maximum Scenario) to target enterprises in Malaysia, Indonesia, Thailand and other South East Asian countries as its clients. Sales and marketing expenses will comprise of commission, participation in trade shows and exhibitions, travelling, transportation and accommodation for our Group's sales and marketing division.

Any surplus or shortfall in amounts allocated for the expansion of our Group's new ICT business will be adjusted against the amount allocated for the working capital of our Group.

(2) The proceeds to be utilised by the apparel business are as follows:

Expansion of our apparel business	**Minimum/ Maximum Scenario RM'000**
(a) Purchase of inventory for new product range	2,875
(b) Opening of new outlets	1,500
Total	**4,375**

(a) Our Group intends to utilise up to approximately RM2.88 million to expand our existing business of manufacturing our Group's in-house brands such as the Edwin, Mustang and GA Blue brands of jeans in Malaysia. Out of this amount, our Group plans to invest RM0.875 million in a new line of products under the Edwin brand including trendy schoolbags and backpacks.

At present, most jeans in the Malaysian market are made from denim fabric and are differentiated by design, cutting, fabric weight and method of washing. Our Group produces mainly denim jeans which account for 95% of our total sales of jeans. A new and revolutionary type of jeans made from jersey fabric has become trendy in Japan and Europe but has yet to enter the Malaysian market. The new line has the advantage of being stretchable, lighter in weight, more airy and comfortable to wear than the standard type of jeans. Being trendier, it will cater to a new subsector of the consumer market who are not comfortable with traditional jeans made from denim fabric. The new jersey jeans are expected to be priced at approximately 12% higher than the denim jeans due to the higher quality of the materials for the new jersey jeans, once our Group launches the new line into the Malaysian market.

Our Group also intends to reposition the Edwin brand to become a lifestyle brand which focuses on trendy and fashionable clothing and accessories for consumers who are fashion-conscious. As mentioned above, our Group will utilise RM0.875 million to broaden its range of products to include more accessories and fashion related products which is expected to position the Edwin brand as a brand which provides a complete lifestyle wear. As our Group develops its core product of fashion and jeans wear, it has also diversified into footwear, leather accessories and inner wear. Our expansion into backpacks and schoolbags is a natural extension of this lifestyle domain.

(b) Our Group plans to utilise RM1.50 million to open 3 new retail outlets with 2 outlets in Penang and 1 in Kuching. As at the LPD, our Group has 12 retail outlets, with 7 retail outlets in Penang, 3 in Kedah, as well as 1 each in Perak and Malacca.

While our Group has ascertained that the allocated proceeds of approximately RM4.38 million are currently sufficient for the expansion of our apparel business, any surplus or shortfall for the said purpose will be adjusted against the amount allocated for the working capital of our Group.

(3) Our Group's short term bank borrowings (comprising bank overdrafts and bankers' acceptances) are used for our working capital purposes. RM8.0 million of the proceeds will be utilised to repay in full our Group's bank overdrafts and part of our Group's bankers' acceptances. The borrowings of our Group are as follows:

Borrowings	**As at the LPD RM'000**	**Amount to be repaid RM'000**
Bank overdrafts	4,981	4,981
Bankers' acceptances	4,156	3,019
Total	**9,137**	**8,000**

Based on the effective interest rates of 8.20% per annum for the bank overdrafts and 5.15% per annum for the bankers' acceptances as at the LPD, the repayment of bank borrowings is expected to result in interest savings totaling approximately RM0.56 million per annum.

(4) Our Group intends to utilise the following proceeds for our working capital:

Working Capital	**Minimum Scenario RM'000**	**Maximum Scenario RM'000**
(a) Staff costs	2,000	3,000
(b) Other administrative and operational expenses	-	1,312
Total	**2,000**	**4,312**

As our internally generated funds may not be timely and/or sufficient for the payment of staff costs and other administrative and operational expenses due to the long credit period granted by our Group to our customers (ranging from 60 to 180 days), our Board is of the view that part of the proceeds to be raised from the Rights Issue of Shares with Warrants for the purposes of our Group's working capital will enable our Group to address the short-term working capital and cash flow requirements.

(a) Comprising payment of wages, allowances, Employees' Provident Fund and Social Security Organisation contributions to our Group's new and existing staff.

(b) Comprising payment of rental costs, audit fees, secretarial fees, utilities and other sundry expenses.

(5) The expenses consist of professional fees and fees payable to the relevant authorities. Any variation in the actual amount of the expenses for the Corporate Exercises will be adjusted against the amount allocated for the working capital of our Group.

The actual proceeds to be raised from the Rights Issue of Shares with Warrants will depend on the issue price for the Rights Shares and the subscription level of the Rights Issue of Shares with Warrants. Any variation in the actual proceeds raised will be adjusted against the proceeds allocated for the working capital of our Group.

Before the utilisation of the proceeds from the Rights Issue of Shares with Warrants, the proceeds will be placed in deposits with financial institutions or short-term money market instruments as our Board will decide. The interest income derived from such deposits or any gain arising from the short-term money market instruments will be used as working capital of our Group.

The exact amount of proceeds that may be raised from the exercise of the Warrants will depend upon the number of Warrants exercised. Any such proceeds will be utilised for the working capital and/or capital expenditure of our Group, the exact timeframe and the breakdown for the utilisation is yet to be determined at this juncture.

5. RISK FACTORS

You and/or your renouncees (if applicable) should consider carefully the following risk factors which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this AP, before subscribing for or investing in the Rights Issue of Shares with Warrants.

5.1 Risks relating to our business and industry

(i) Business risks

The business operations of our Group is subject to risks inherent to the apparel and ICT businesses which include, *inter-alia*, cost of raw materials, change in demand for our Group's products depending on the season/trend, general downturn in global, regional and national economy, entry of new players, shortage of skilled workforce, increase in cost of labour, shortage and fluctuations in cost of raw materials and changes in government policies affecting the manufacturing industry and ICT industry.

(ii) Infrastructure risk

Connected Cities rely heavily on LoRa technology, just one of the many types of infrastructure technology that will support the IoT. The 3 most prominent contenders in terms of infrastructure coverage are Sigfox, LoRa and the second generation of LTE, LTE-M. To build on what was previously mentioned in Section 4 of this AP, LoRa technology allows other companies to create their own IoT networks based on its technology specifications. However, the other infrastructure standards each have their own advantages with Sigfox modules being able to be implemented with chips from a number of vendors as well as reducing hardware costs as more stakeholders take up Sigfox and LTE-M's advantage being that current LTE base stations can be upgraded to support LTE-M, thus negating the costs of setting up an entirely new network.

LoRa technology is easy to implement as anyone, both companies and individuals, can buy a LoRa gateway for a reasonable price and set up their own LoRa network. This will allow a company to install its own network if they have a business model to support it, letting it decide where it wants to run things. Should the LoRa infrastructure supplier stop supporting LoRa, LoRa gateways can still be installed at a relatively low cost.

(iii) Competition

Our Group faces competition from companies engaged in similar apparel business activities and therefore may have an impact on its existing market share. In order for our Group to sustain its competitive advantages, our Group have to continuously seek to improve its production efficiency and the quality and branding of its products.

Atilze's potentially faces stiff competition from existing competitors and/or new entrants in the same business. The competitiveness of Atilze is dependent on its the ability to provide products and services at a reasonable price and the timely set-up of its Connected Vehicles and Connected Cities as well as their associated applications and services. Due to the rapid boom of the ICT industry, in particular IoT related products and services, the management of Atilze foresees multiple new players in the market.

There is no assurance that our Group will not be affected by the strategies adopted by our Group's competitors.

(iv) Brand loyalty

Currently our Group has developed its own in-house brands of jeans comprising GA Blue, Edwin and Mustang. Industry players' businesses in the apparel business and retail industry are dependent on the perception of consumers towards their brands. Consumers buy products of established brand names due to factors closely related with the brands such as design, quality and price. Any changes resulting in unfavourable perception of the consumers or adverse publicity towards their brands will affect the brand equity and may materially and adversely affect the industry players' business and financial results.

(v) Obsolescence risk

Atilze currently provides IoT related products and services in the form of Connected Vehicles and Connected Cities both of which are based on the proven 3G/4G LTE technology and cutting edge LoRa technology, respectively. However, as long as technology continues to evolve and the world continues to demand cheaper and faster connection speeds and/or devices, network longevity will always be a top concern for businesses of all types and even consumers. Wireless networks have briskly moved from analog to digital, and have continued to evolve from 2G to 3G and beyond in merely a few years. As each generation of cellular technology (from the early 2G all the way to LTE) proves to have a shorter working life, longevity in network is something that should be taken seriously.

(vi) Financing risk

The implementation costs of Connected Vehicles and Connected Cities as well as their associated costs will be funded through a combination of proceeds raised from the Rights Issue of Shares with Warrants and internally-generated funds and/or bank borrowings, if so required. Additional bank borrowings, if secured, will increase the gearing level and interest expenses to be incurred by our Group. Any adverse movement in interest rates may have a significant impact on the total cost of Connected Vehicles and Connected Cities as well as our long term debt and receivables which would adversely affect our Group's financial performance in the future.

As at the LPD, our Group has outstanding borrowings of approximately RM9.14 million in the form of bank overdrafts and bankers' acceptances with various financial institutions. Our Group intends to use RM8.0 million of the proceeds from the Rights Issue of Shares with Warrants to partially repay our bank borrowings. Our Group will actively review our debt portfolio taking into consideration the level and nature of borrowings and seek to adopt cost-effective financing options.

(vii) Dependency on key personnel

Our Group's success in the apparel business depends largely on the abilities, skills, experience, competency and continued efforts of our Group's Executive Director, Yeoh Yeow Cheang and other key management personnel.

Our Group's involvement in the ICT business depends largely on the abilities, skills, experience, competency and continued efforts of LBH, GLKM and other key management personnel.

The loss of Yeoh Yeow Cheang, LBH, GLKM and/or any of the relevant key management personnel without suitable and timely replacement, or the inability of our Group to attract and retain other qualified personnel, could adversely affect our Group's apparel and ICT business and consequently, our revenue and profitability.

(viii) Political, regulatory and economic risks

Our Group's apparel and ICT businesses are likely to be affected by adverse developments in the political, regulatory and economic conditions in Malaysia. Such adverse developments could materially affect the expansion plans of our Group in terms of the deployment of city-wide LoRa networks as per the Connected Cities. Amongst the political and economic uncertainties are the risks of economic downturn, unfavourable monetary and fiscal policy changes, exchange control regulations or introduction of new rules or regulations, changes in interest rates, inflation, taxation and political leadership. Such changes may result in a more unpredictable business environment, which makes strategic decision-making more difficult and hinder investment decision-making as well as posing a risk to growth prospects.

5.2 Risks relating to the Rights Issue of Shares with Warrants

(i) Investment and capital market risk

The market price of the Rights Shares is influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of G3 Global Shares, the outlook for the retail, apparel, ICT and IoT industries, changes in regulatory requirements or market conditions, the financial performance and fluctuations in our Group's operating results. In addition, the performance of the local stock market (where our Shares are listed) is dependent on the economic and political condition in Malaysia as well as external factors such as, amongst others, the performance of the world bourses, flows of foreign funds and prices of commodities. In view of this, there can be no assurance that the Rights Shares will trade above the Issue Price for the Rights Shares or TEAP upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

The market price of the Warrants may be influenced by, amongst others, the market price of G3 Global Shares, and the remaining exercise period of the Warrants and the volatility of G3 Global Shares. There can be no assurance that the Warrants will be "in-the-money" during the exercise period of the Warrants. In the event the Warrants are not exercised during the exercise period, the unexercised Warrants will lapse and cease thereafter to be valid for any purpose.

(ii) Delay in or failure of the Rights Issue of Shares with Warrants

The Rights Issue of Shares with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of force majeure events or circumstances which are beyond the control of our Company arising prior to the implementation of the Rights Issue of Shares with Warrants. Such events or circumstances include, *inter alia*, natural disasters, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn, acts of war, acts of terrorism, riots, expropriations and changes in political leadership.

In this respect, all proceeds arising from the Rights Issue of Shares with Warrants will be refunded without interest to the Entitled Shareholders and/or their renouncees (if applicable) in the event the Rights Issue of Shares with Warrants is aborted and if such monies are not repaid within 14 days after our Company becomes liable, we will repay such monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the Capital Markets and Services Act 2007. Notwithstanding the above, our Company will exercise our best endeavor to ensure the successful implementation of the Rights Issue of Shares with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue of Shares with Warrants.

In the event that the Rights Shares have been allotted to the successful Entitled Shareholders and/or their renouncees (if applicable) and the Rights Issue of Shares with Warrants is subsequently cancelled or terminated, a return of monies to the shareholders can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of our shareholders by way of special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

(iii) Potential dilution

The Entitled Shareholders who do not or are not able to accept their provisional offer of the Rights Shares will have their proportionate ownership and voting interest in our Company reduced and the percentage of our enlarged issued share capital represented by their shareholdings in our Company will also be reduced accordingly.

(iv) Forward-looking statements

Certain statements in this AP are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this AP are based on forecasts and assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, amongst others, the risk factors as set out in this section. In view of the above, the inclusion of any forward-looking statements in this AP should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

6. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy is expected to continue to expand amid a challenging external environment including slower growth in the advanced economies, prolonged low oil prices and volatile financial markets.

Gross domestic product grew by 4.1% during the 1st half of 2016 supported by private consumption and investment activities on the demand side and drive by the services and manufacturing sectors on the supply side. Private consumption is the biggest component of domestic demand contributing 3.1% to real gross domestic product growth during the 1st half of 2016. On the supply side, the services sector remains the key driver of the economy and the leading generator of job opportunities.

Total trade rebounded 0.9% to RM948.4 billion (January – August 2015: -1.9%; RM940 billion) due to sustained global trade during the first 8 months of the year. Both gross exports and imports rebounded 0.9%, respectively result in a trade surplus of RM52.2 billion (January – August 2015: -1.9%; -1.9%; RM51.3 billion). Export growth was supported by higher demand for manufactured and agriculture goods despite weaker mining receipts. Growth in imports was mainly attributed to increasing demand for capital and consumption goods. Gross exports and imports are expected to grow 1.1% and 1.3%, respectively.

As a small and highly open economy, Malaysia is vulnerable to developments in the external environment. However, the structural reforms undertaken over the years to diversify the economy and strengthen the financial system, have placed the economy on a stronger footing as well as enhanced its resilience to weather the external challenges. The Malaysian economy is expected to expand between 4% and 5% in 2017 (2016: 4% - 4.5%) The national income, as measured by the gross national income, is estimated to increase by 5.0% to RM39,699 (2016: 4.8; RM37,812).

The global economy is expected to improve in 2017, mainly attributed to better growth in the United States as well as stronger performance in the emerging market and developing economics with world trade expected to expand in line with the improvement in global demand. Other downside risks include the possibility of a sharper slowdown in China, volatility in the global financial markets, continued low commodity prices, prolonged low global inflation as well as escalating geopolitical tensions.

Against the backdrop of increased uncertainty in the global economy, growth in the Malaysian economy will be underpinned by strong domestic demand, especially private sector expenditure while public sector expenditure will be driven mainly by higher capital investment by public corporations.

Strong economic fundamentals such as a stable labour market with full employment, manageable inflation, healthy foreign reserves and a sound financial system with efficient intermediation are expected to support the growth of the economy. Thus, the Malaysian economy is expected to remain on a steady growth path, expanding between 4% - 5% in 2017.

(Source: Economic Report 2016/2017, Ministry of Finance Malaysia)

The Malaysian economy recorded a stronger growth of 5.8% in the second quarter of 2017 (1Q 2017: 5.6%). Private sector spending continued to be the main driver of growth. On the external front, growth was further supported by the robust expansion in real exports of goods and services (9.6%; 1Q 2017: 9.8%) following strong demand for manufactured and commodity products. Real imports moderated slightly to 10.7% (1Q 2017: 12.9%) following more moderate expansion in investment. On a quarter-on-quarter seasonallyadjusted basis, the economy recorded a growth of 1.3% (1Q 2017: 1.8%).

Domestic demand grew by 5.7% in the second quarter of the year (1Q 2017: 7.7%), supported by continued expansion in both private sector expenditure (7.2%; 1Q 2017: 8.2%) and public sector spending (0.2%; 1Q 2017: 5.8%). Private consumption recorded a growth of 7.1% (1Q 2017: 6.6%), supported by the improvement in private sector wages amid continued strength in employment growth. During the quarter, consumer sentiments continued to improve, providing further impetus to household spending. Public consumption growth moderated to 3.3% (1Q 2017: 7.5%) following slower growth in the spending on emoluments, and supplies and services.

Given the continued strong performance in the second quarter of 2017, the Malaysian economy recorded a strong growth of 5.7% in first half of 2017. At this point, compared to the beginning of the year, there are considerable improvements in the operating environment of the economy. Looking ahead, it is likely for the Malaysian economy to expand by more than 4.8% for the whole year of 2017. Leading indicators such as the Department of Statistics Malaysia's composite leading index, MIER Business Conditions Index and MIER Consumer Sentiments Index, suggest continued expansion of the domestic economy. Private consumption will be underpinned by continued wage and employment growth, with support from various policy measures to raise disposable income. Investments will be driven by the implementation of new and ongoing infrastructure projects, and higher capacity expansion in the manufacturing and services sectors. The stabilisation of commodity prices is also expected to lend support to investments in the mining sector. On the external front, exports are expected to benefi t from the improvement in global growth, especially among Malaysia's key trading partners. Overall, the economy is expected to record a stronger growth in 2017.

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2017, BNM)

6.2 Overview of the retail industry in Malaysia

The retail sector in Malaysia is an integral component of the nation's economy and the fourth largest contributor to GDP after oil and gas, agriculture and manufacturing. The retail landscape in Malaysia has transformed in the last decade with modern retail formats increasing in dominance over small family-owned and operated shops. The launching of large shopping malls has increased the lifestyle elements of shopping in Malaysia, with retail concepts carefully chosen to target specific consumer groups. Globalisation has also brought foreign players and franchises into the retail market in Malaysia.

Generally, the retail industry in Malaysia is segmented into 3 key sectors, namely retail trade in grocery stores and non-grocery stores, and non-store based retail trade. The grocery retail segment is led by modern grocery retailers such as hypermarkets and supermarkets, followed by traditional retailers such as independent small grocers as well as food, beverage and tobacco specialists. Major non-grocery retailers include mixed retailers and specialists providing apparel, health and beauty, home and garden, electronics and appliances and leisure and personal goods.

The retail market in Malaysia, measured by the value of retail sales, grew from RM108.0 billion in 2004 to RM188.1 billion in 2016 at a CAGR of 4.7%. Store-based retailers comprised 94.5% of total retail sales in 2016, having recorded a growth from RM102.7 billion to RM177.7 billion between 2004 and 2016 at a CAGR of 4.7%. Non-store retailing comprised a smaller 5.5% of total retail sales and grew at a rate of 5.7% between the same period of 2004 and 2016. In 2016, the largest segment of non-store retailing was direct selling which formed 81.0% of non-store retailing. Internet retail comprised a mere 15.7% of non-store retail sales in the same year, however, this channel witnessed the highest growth at a CAGR of 16.7% between 2004 and 2017.

Technology has also been a key factor affecting retail sales and has broadened distribution channels, with internet-savvy youths and young adults contributing to growth in online retail transactions through various electronic commerce ("**e-commerce**") platforms. Internet retailing is appearing as a significant retail channel for non-grocery products and there are a large number of internet retailers that carry out business transactions via social media channels such as Facebook. Several large and established retailers are also responding to the growth of e-commerce by adding internet retailing as a channel for online purchases.

(Source: IMR Report prepared by Smith Zander, August 2017)

6.3 Overview of the apparel industry in Malaysia

The apparel market in Malaysia was valued at approximately RM6.0 billion in 2016, compared to RM1.7 billion in 2008. Between 2008 and 2016, the apparel market in Malaysia registered a strong CAGR of 17.2%. In 2008 and 2010, production volumes decreased in reaction to the drop in consumer demand, resulting in falls in consumption. The apparel market in Malaysia is also subject to external factors such as growing imports from China and Vietnam, which have been increasing on the back of lower production costs in these countries.

The apparel industry in Malaysia is large, growing and relatively fragmented. Clothing that is sold in Malaysia is manufactured both domestically and internationally. While the performance of individual industry players, as measured by volume of sales, depends on the type and range of apparel products, overall industry demand is driven by economic trends, including changes in disposable income, consumer confidence and consumer spending. Apparel is a basic necessity but during times of economic prosperity, consumers are often subject to impulse buying and thus spend more on branded or luxury items that they would normally not purchase. During times of economic distress, consumers are more cautious with spending and are more likely to buy lower priced items. The quantity and type of apparel demand in Malaysia is influenced by demographic trends, changing consumer preferences, whereby brand owners and manufacturers react by adapting and tailoring their products according to current lifestyle and fashion trends.

There are 4 key growth drivers of the apparel market:

- **Increasing disposable income of the population signifies growth potential for apparel retail sales**

  Malaysia is an upper-middle income developing economy with aspirations to achieve developed status by the year 2020. Gross domestic production per capita increased by 35.9% from approximately RM28,811.0 in 2008 to RM39,165.0 in 2016, while purchasing power parity per capita income increased by 34.44% from approximately USD19,502.5 to USD27,234.3 during the same period. This increase in disposable income is leading to a rise in a more affluent population that has greater spending power, creating demand for basic necessities and non-essential products.

- **Increase in employment and salaries signify growth potential for apparel retail sales**

  Malaysia is on track to achieve the goals of high income and developed nation status by the year 2020, and its macroeconomic targets, especially GNI per capita at USD15,000 and 3.3 million new jobs are expected to be within reach. Labour market conditions remain favourable, especially with an acceleration in external demand and a strong pick up in growth of the manufacturing sector. The unemployment rate in the country stood at 3.4% (504,100 persons) in 2016.

  In 2016, the labour market remained favourable, as continued expansion in economic activity across all sectors supported the demand for labour. During the year, the nation's labour force recorded a growth of 1.0%, representing a net addition of approximately 100,000 employees from the previous year. The unemployment rate remained low at 3.4% (2015: 3.1%). Total employment increased by 0.7% from 14.1 million in 2015 to 14.2 million in 2016. This increase in employment signifies growth potential for apparel retail sales.

- **Greater Government-driven initiatives to propel the apparel market in Malaysia and boost apparel retail expenditure**

  The retail and wholesale sector is a major contributor to Malaysia's GNI and thus has been identified as 1 of the 12 key economic focus areas under the ETP. The ETP (2011-2020) was launched in 2010 with the goal of promoting Malaysia as an inclusive and sustainable high-income country by the year 2020. The ETP is a comprehensive initiative comprising 131 high impact projects under 12 economic focus areas that have the potential to stimulate economic growth. The retail sector is a key driver of domestic consumption and plays a significant role in promoting economic growth.

- **Growing tourism industry in Malaysia drives retail sales**

  Malaysia has a reputation as a leading tourism destination globally. Tourism arrivals increased from 24.6 million arrivals in 2010 to 26.8 million arrivals in 2016 at a CAGR of 1.4%, while tourism receipts increased from RM56.5 billion to RM82.1 billion, registering a CAGR of 6.4%. The Government targets to grow tourist arrivals and tourism receipts to 36.0 million and RM168.0 billion respectively by 2020 under the Malaysia Tourism Transformation Plan 2020.

  Greater growth in tourism arrivals and particularly tourism receipts will significantly and positively impact the retail market in Malaysia as retails sales are expected to increase on account of greater spending by tourists visiting Malaysia.

(Source: IMR Report prepared by Smith Zander, August 2017)

6.4 Overview of the ICT industry in Malaysia

Since the introduction of the internet in the early 1990s, Malaysia has continuously promoted the deployment of ICT as a major development thrust in achieving a knowledge-based economy. Malaysia's New Economic Model that was announced in 2010 identified ICT as a strategy to alleviate the nation from the middle income trap.

In Malaysia, the ICT sector is a high performing sector that contributes to enhancing overall national productivity, where it has evolved beyond technological tools to become a socio-economic enabler and key driver of business. The ICT sector is able to improve the efficiency and effectiveness of product and/or service delivery, and the extensive features and characteristics of ICT are continually impacting the way individuals work, play and learn. The development of ICT services in Malaysia has been promoted by MSC Malaysia, the country's national ICT initiative, under the banner of Malaysia Digital Economy Corporation (formerly known as Multimedia Development Corporation Sdn Bhd). The main focus areas for ICT services include application software, mobility embedded software and hardware, shared services and outsourcing, creative multimedia, internet-based business with research as well as development incubators established by institutes of higher learning.

The ICT sector in Malaysia, comprising telecommunication services and computer services, has witnessed positive growth historically. Telecommunication services refers to fixed and mobile telephony services, internet access, satellite and data communication services. Computer services comprise hardware and software wholesaling, retailing and consulting, programming as well as repair and maintenance activities. The ICT sector in Malaysia, measured by value added services for telecommunication services and computer services, increased from RM36.5 billion in 2010 to RM68.5 billion in 2016 at a CAGR of 11.1%. Telecommunications services comprised 70.7% of ICT services in 2016, and registered a CAGR of 10.1% having increased from RM27.1 billion in 2010 to RM48.4 billion in 2016. Computer services comprised the remaining 29.3% of ICT services in 2016, and witnessed a CAGR of 13.6% between the period of 2010 and 2016.

ICT investments in Malaysia are largely targeted at sources of new growth areas such as hybrid of wired and wireless telecommunications, multimedia content development, packaged software, software and hardware consultancy as a service, exports and imports of ICT services, e-commerce, mobile and online banking, e-government and outsourcing. On the technology front, the country has also witnessed growth in technological advancements pertaining to nanotechnology, micro-electro-mechanical systems, semantic technology, wireless communication, grid computing, biometrics and biotechnology.

Smith Zander believes Malaysia will experience 5 major trends that will change the manner in which business and companies operate, and consequently contribute to economic growth. These factors are:

- big data analytics – big data analytics are implemented in numerous industries to improve customer service by incorporating insights and predictions from the analysis of massive volumes of diverse data. This can contribute to improved firm profitability through better risk analysis and/or data supported decision making processes;

- cloud computing – cloud computing is a fast-growing technology segment which enables firms to structure, organise and store large volumes of data with minimal investments in hardware and software tools. More importantly, employees can remain connected and complete work tasks through the usage of smartphones and tablets regardless of location and proximity to the office;

- mobile device usage – the adoption of smartphones and tablets increases mobility and allows the flexibility of completing tasks away from the office; and

- social media – social media, when used productively, can be a powerful tool for customer engagement, relationship building, networking, information sharing, and advertising and promotional as well as branding activities.

- IoT – IoT is the interconnectivity between human and devices to exchange information and knowledge. Businesses which adopts the usage of IoT will be able to benefit from increased productivity, better maintenance prediction, as well as better asset utilization.

The future of the ICT industry is promising on the back of the growth in the number of companies and businesses in Malaysia, the availability of investments in Malaysia, as well as supporting government plans, policies and incentives.

(Source: IMR Report prepared by Smith Zander, August 2017)

6.5 Overview of the IoT industry in Malaysia

IoT is the interconnectivity between human and devices to exchange information and knowledge. These devices have the ability to connect to the Internet, also known as "smart devices" and includes everyday items such as mobile phones, computers, lights and watches, as well as non-everyday items such as vehicles, airplanes and machines. These smart devices are fitted with sensors that collects data, which are then analysed to produce useful information. This information in combination with human knowledge, will enhance human intelligence, productivity and efficiency, thereby enhancing the quality of life and promoting economic growth.

As the cost of technology decreases with time due to improvements in technology, broadband connection becomes more widely available and more devices with Wi-Fi features were created. In line with the worldwide evolution of technology, the concept of IoT began to gain traction in the 2000s.

In Malaysia, the concept of IoT was adopted by the nation's first smart city, Cyberjaya (Selangor) in 1996. IoT is required in the development of smart city to connect human and devices to exchange, analyse and collect information and knowledge. Since then, there have been 3 other proposed smart cities that have been developed or are in the midst of development, including Iskandar Malaysia, i-City and Aspen City.

Later, IoT was endorsed by MOSTI (Ministry of Science, Technology and Innovation) through the launch of the National Internet of Things Strategic Roadmap in mid-2015 to drive the development of a sustainable IoT industry.

Since its introduction, IoT has transformed the way in which we live, as there are a multitude of areas IoT could be applied to. IoT could come in the form of something as small as wearable devices, to something as massive as smart cities.

Examples of current application of IoT include wearable devices equipped with Global Positioning System (GPS) tracking and heart rate monitoring that automatically syncs with the wearer's mobile phone when connected to the Internet; automation at homes (or more commonly known as "smart homes") where lighting, air-conditioners or appliances such as refrigerators and coffee makers are connected to the Internet, enabling these devices to be remotely-controlled or automated.

The National IoT Strategic Roadmap ("**IoT Roadmap**") was launched in mid-2015 to drive the development of a sustainable IoT industry, with the vision of positioning Malaysia as the premier regional IoT development hub. The IoT Roadmap intends to create a national ecosystem to enable the proliferation of use and industralisation of the IoT as a new source of economic growth. The IoT Roadmap has 3 goals: first, to create a conducive IoT industry ecosystem; second, to strengthen technopreneur capabilities and foster the generation of globally-competitive IoT products and services; and third, to position Malaysia as the regional development hub for IoT.

Since the launch of the IoT Roadmap, several IoT projects have commenced. For example, in the healthcare industry, the continuous health monitoring project was implemented where wearable smart devices are used to track daily activities, vital signs and diet habits to collect and analyse data for continuous diagnostics and precision treatment by medical experts; in the environmental industry, environmental senses are placed in various sits of a landfill for the operator to monitor environment parameters such as water and air quality to prevent the landfill site from becoming a breeding ground for pests, while surveillance cameras enable the operator to remotely monitor the site.

Due to globalisation, opportunities for the adoption of IoT are proliferating. Businesses worldwide will be able to benefit from the adoption of IoT to optimise daily business operations such as increased productivity, predictive maintenance and better asset utilisation, as well as enabling new business models such as remote monitoring, thereby creating greater demand for its adoption.

In Malaysia, IoT will have a total potential economic impact, or industry value, of RM9.5 billion by 2020 and is expected to increase to RM42.5 billion by 2025, at a CAGR of 34.9%. The value of applications, services and analytics technologies will lead the IoT industry in Malaysia with RM7.5 billion by 2020, and further increasing to RM34.0 billion by 2025.

Other IoT related technologies such as hardware, power and protocol is expected to create industry value worth RM1.0 billion by 2025 and RM4.3 billion by 2025, while computing and storage as well as communications and networking technologies are expected to create additional industry value worth RM0.5 billion each by 2020 and RM2.1 billion each by 2025.

In addition, the growth of the IoT industry in Malaysia is anticipated to generate a total of 14,270 high-skilled employment by 2020.

There are 5 key growth drivers of the IoT industry:

- **Growth in the usage of mobile devices**

  Mobile cellular telephone subscriptions have seen growth over the years and is expected to continue to be widely used and accepted in Malaysia. The current mobile phone penetration rate of 141.3% signifies that users in Malaysia are utilising more than 1 mobile phone and this trend is expected to continue, benefiting IoT industry.

  Furthermore, as technology develops, the prices of mobile phones decreases whereas the availability of mobile phones at different price points increases. In addition, the increase in disposable income of the population is also leading to a rise in a more affluent population that has greater spending power for mobile phones. Therefore, the combination of a rise in a more affluent population and the affordability of mobile phones has narrowed the gap of owning a mobile phone, thereby leading to a greater demand for mobile phones, thus leading to a growth in the demand for the IoT industry.

- **Greater access to broadband internet**

  Internet penetration rates in Malaysia in the past 5 years have approached saturation, where the Internet is accessible to a more than half of the population. In 2016, Malaysia recorded an Internet penetration rate of 81.5%, having grown from 10.9% in 2006.

  As the cost of technology decreases with time due to improvements in technology, broadband connection becomes more widely available. The increasing percentage of population with access to mobile cellular coverage and the Internet will lead to a greater demand for enhanced user experience and utilisation of Internet, thereby leading to more devices being created with Internet capabilities, subsequently boosting the IoT industry.

- **Smart city projects**

In 1996, Malaysia's first proposed smart city, Cyberjaya, was developed. Since then, there have been 3 other proposed smart cities that have been developed or are in the midst of development, including Iskandar Malaysia, i-City and Aspen City. The essential components for the development of a smart city includes, but are not limited to smart devices, smart services and IoT technology. IoT technology is required in the development of smart city to connect human and devices to exchange, analyse and collect information and knowledge.

As other potential smart city projects are created along with further major township or large developments, the demand for IoT technology will continue to rise. LoRa technology been proposed as the technology to be used in several of the smart city projects as mentioned above.

- **Growth in the sales of sensors and reduction in price of sensors**

Global semiconductor sales have witnessed positive growth over the years, with further growth expected to be driven by the proliferation of technologies where there is a growing need for communication as well as real-time information. Global semiconductor sales were recorded at USD306 billion in 2013, and this is expected to further increase to USD432 billion in 2019. As one of the many semiconductor devices, sensors also saw growth in line with the global semiconductor sales industry. In 2013, the global sales of sensors and actuators stood at USD8 billion, and is expected to continue the growth to achieve USD14 billion in 2019.

Sensors are indispensable enablers of the IoT industry as they are required for various purposes such as to identify, locate and analyse the item and its surrounding, and embedded in products in a manufacturing process to monitor, control and improve operations. Due to the indispensable nature of sensors in Internet of Things industry, sensors' technology continues to undergo improvements to develop more usage-effective and cost-effective sensors. Furthermore, as technology develops, the price of sensors decrease whereas the availability of sensors at different price points increases. The combination of the decrease in the prices of sensors and the availability of sensors at different price points, in addition to its indispensable enabler status in the IoT industry will continue to boost the IoT industry.

- **Availability of new wireless technology**

IoT has fundamentally shifted the nature of connected devices, creating opportunities for various wireless technology. LPWAN technology is suitable for devices that sends small amounts of data over long ranges, with particular constraints around power consumption. Therefore, LPWAN technology is well-suited for usage in obstructed environments, such as in cities and outdoor environments. Although traditional cellular networks such as 2G, 3G, and 4G LTE are also suitable for IoT deployment, LPWAN is the one of the choice technologies used due to its benefits and cost-effectiveness.

The benefits and cost-effectiveness of LPWAN technology, coupled with the emergence of multiple LPWAN solutions which offer a balance between bandwidth, power consumption, distance range and cost, is expected to promote the adoption of IoT. 3 of the more established LPWAN technologies include Sigfox, LoRa and Ingenu, which have large-scale deployments across various industries.

With the growth in the usage of mobile devices, greater access to broadband internet, the growing number of smart city projects in the country, growth in the sales of sensors and the reduction in price of sensors as well as the availability of new wireless technology, the commercial environment and infrastructure in Malaysia is in place to support the development of IoT.

(Source: IMR Report prepared by Smith Zander, August 2017)

6.6 Prospects of our Group's retail and apparel business

The retail market in Malaysia has grown from RM108.0 billion in 2004 to approximately RM188.1 billion in 2016, registering a CAGR of 4.7%. Malaysia's retail industry has growth potential due to the low consumer retail spending per capita at RM3,154 (USD886), compared to South Korea (USD2,995), Taiwan (USD3,115) and Singapore (USD3,423). In line with the retail market, the apparel market in Malaysia also grew at a higher rate from RM1.7 billion in 2008 to RM6.0 billion in 2016 while registering a CAGR of 17.2%.

The growth in the apparel market in Malaysia is driven by several factors such as the increase in the disposable income of the population, growing consumer affluence due to higher levels of employment, greater Government-driven initiatives to boost the retail market in Malaysia through higher accessibility and increased affordability, as well as the rise in tourism driving retail sales. Further, media influence has sparked general increased awareness in fashion, motivating consumers to be more conscious of their appearance, thereby prompting a change in purchasing preferences and increased shopping frequency.

With the relatively lower consumer retail spending per capita and yield per tourist in Malaysia as compared to countries in Asia such as Singapore, Taiwan, South Korea and Thailand, the retail market in Malaysia, including the apparel segment, has room for further expansion. While recent macroeconomic conditions may have a temporary adverse impact on the retail market, the strong market drivers are expected to provide long term sustainability to the retail and apparel markets.

(Source: IMR Report prepared by Smith Zander, August 2017)

Our Group, as an established player in the apparel industry in Malaysia, is well-positioned to gain from the growing apparel market in Malaysia. Our Group is principally an original brand owner and manufacturer, and is focused on creating and marketing high quality branded apparel products that meet the standards and requirements of brand-conscious consumers. Our Group has a fully integrated manufacturing facility comprising a treatment plant, a laundry division, and a sewing section at its factory building complex in Bayan Lepas Industrial Zone, Bayan Lepas, Penang. The plant ensures consistently high quality apparel products as well as prompt delivery to our Group's customers.

Our Group's strengths in relation to the apparel business, reside in the following areas:

(a) <u>Development of our Group's own in-house brands of jeans</u>

- (i) <u>GA Blue</u>: A long-established brand catering to the lower middle market, mainly for consumers aged between 18 to 35 years old. GA Blue is priced accordingly to appeal to such customers, emphasising upon its quality and affordability.

- (ii) <u>Edwin:</u> A brand that is well-known internationally for its jeanswear, targeted at the upper market segment and popular among those aged between 25 to 45.

- (iii) <u>Mustang</u>: Jeanswear and other apparel from Germany catering mainly to the middle income market and are popular among executives and professionals in the 20 to 40 age group who choose creativity, style and quality.

(b) Extensive distribution network

Marketing of our Group's products are channeled through a wide distribution network comprising both consignment and outright basis with more than 500 retail point of sales and outlets throughout the region as well as 12 boutique shops operated or managed by our Group that are strategically located to strengthen sales and to create brand awareness. Our Group's brands of jeanswear are available in all major departmental stores across the country such as Parkson, The Store, Pacific, Aeon and Billion Supermarket.

(c) Advertising and promotion

Our Group's commitment towards allocating funds for advertising and promotion has enabled it to achieve a respectable market presence in the industry.

(d) Design and development

Our Group places emphasis and focus on product design to ensure that its products are at the forefront of fashion trends. Our Group's product range, design and quality are based on market feedback to ensure they match consumers' tastes and preferences. Techniques of laundry finishing, chemical treatment and jeans construction are constantly monitored and improved to ensure high quality are consistently achieved.

(e) Supply chain management

Our Group is able to leverage on its well-established panel of factories for fabric and garment sources and suppliers, quality and reliability of supply. Our Group's ability to source garments from major suppliers in bulk due to higher volumes has and will continue to result in lower costs and higher margins.

Our Group's losses in recent years were mainly due to the persisting depressed business conditions. The implementation of GST on 1 April 2015 coupled with the higher costs of living in recent years had led to the retail industry to experience a slowdown and consumers being more restrained in their spending. The weakening of RM against USD and other major currencies had also caused an increase to the cost of our Group's products and a decrease to our Group's gross margins. Our Group had also written off our inventories that had been held in stock for few years and slow moving inventory in line with the current business conditions.

In spite of these challenges, our Group is hopeful for better results in the future as our Group foresees future growth in the apparel market in Malaysia. Our Group expects the recovery of the apparel business to be aided by the increase in the disposable income of consumers, government-driven initiatives to boost the retail market in Malaysia, increase in tourist arrivals as well as better design and quality of our products to turn the apparel business around.

Our Group intends to achieve further growth by the expansion and development of existing operations as well as our Group entering into new markets. As stated in Section 4 of this AP, our Group intends to expand its products and services through investment in a new product line and distribution of a new brand's products, which is expected to improve our Group's profitability. Our Group also intends to open at least 3 more outlets within the next 2 years to increase its market presence in Malaysia and improve its revenue and profitability.

Premised on the above and taking into account of the future outlook of the apparel market as well as the current efforts undertaken by our Group, our Board is of the view that the prospects of our Group are expected to be positive.

6.7 Prospects of our Group's ICT business

(i) Mechanism of IoT and its network connectivity

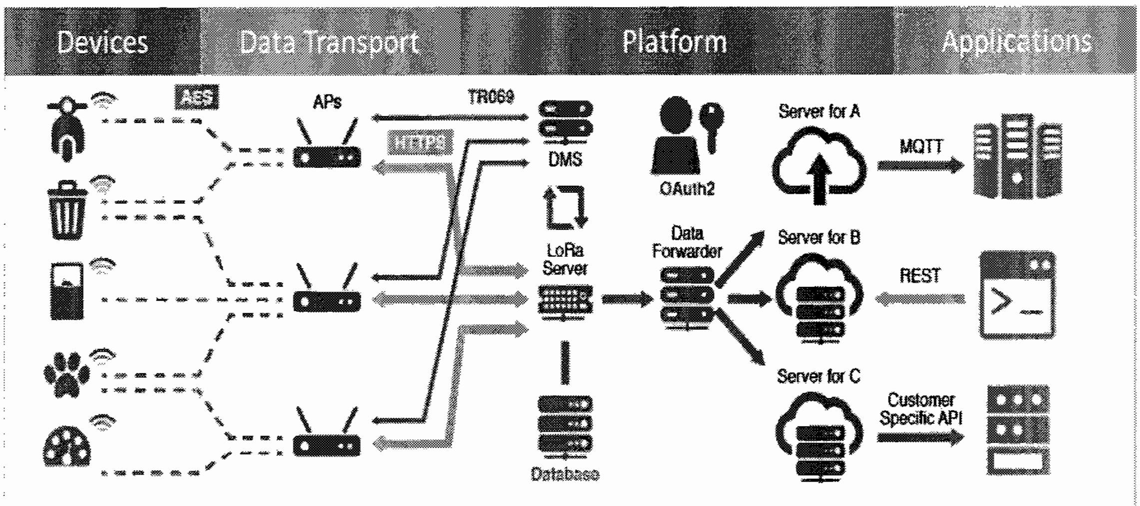
IoT is the internetworking of physical devices, vehicles, buildings, and other items—embedded with electronics, software, sensors, actuators, and network connectivity that enable these objects to collect and exchange data.

IoT allows objects to be sensed and/or controlled remotely through network infrastructure, allowing opportunities for direct integration of the physical world into computer-based systems; resulting in improved efficiency, accuracy and economic benefit. Cisco estimates that the number of connected devices worldwide will rise from 15 billion today to 50 billion by 2020.

IoT is increasingly associated with wireless network technology; established ones like GSM, 3G, 4G, WIFI, Bluetooth and new ones like LoRa, Zigbee, Sigfox, NB-IoT. Each comes with its unique advantages and use cases. These networks channel connect devices to IoT platforms that compiles, stores, processes, analyses and publishes the data generated by devices. Applications integrate with data endpoints from the platform via various methods like MQTT, REST and different APIs. These applications can take the form of dashboards, web backends, mobile apps, machine learning systems and even other platforms. At each stage security measures are needed such as HTTPS connections, AES encryption and OAuth authentication.

An example of IoT use case is to enable the development of smart cities, specifically disaster management. Flood sensors can be installed on ground level along with drain sensors for tracking water flow and level. These data are then transmitted via LoRa network (that is designed for wide area coverage like cities) to an IoT platform. The IoT platform will continuously monitor and analyse incoming data to detect when a flood is likely to occur. The event would trigger an alert to integrated applications such as citizen mobile app to notify those in the affected area. Through IoT, the entire process is fully automated without need for human intervention, enabling quick and timely response that is critical for reducing loss during disasters. The data generated also allows the creation of models that can identify areas that causes flooding in the first place, a step towards disaster prevention.

<u>IoT Network Architecture</u>



Other applications of IoT

Industrial Internet

- Climate Control (Heating and AC)
- Equipment status
- Factory control/monitoring
- Smoke and fire systems
- Air Quality monitoring
- Environment sensing
- Security systems

Tracking

- Motorcycles, Bicycles, Cars
- Truck trailers
- Shipping containers
- Kids and Elderly
- Pets
- Insurance – valuable assets
- Find my stuff

Smart Metering

- Electric
- Water
- Gas
- Heat
- Infrastructure and production

Environment & Agriculture

- Forest fires
- Air pollution
- Earthquake sensors
- Slope, Landslide and Avalanche
- Irrigation control and Flooding
- Water quality management
- Environment sensing
- Wildlife and Animal tracking
- Animal sensing – ovulation, birth

Smart City

- Smart parking
- Traffic sensors and control
- Street lighting
- Infrastructure monitoring
- Manhole covers
- Trash and waste containers
- Public events – location services
- Advertising displays and Signages

Security/Smart Home

- Smoke detectors
- Security systems
- Smart applications
- Smart heat
- Control/monitoring
- Energy utilization & management

(ii) Overview of the business of Atilze

On 31 December 2015, our Company announced the acquisition of VLT Wholesale Sdn Bhd, which subsequently changed its name on 1 July 2016 to Atilze. Atilze is principally involved in the sales of ICT equipment, devices, wholesale voice and IoT products and services. The acquisition of Atilze was to minimise the reliance of our Company on our existing business and to diversify our risks by entering into the ICT business.

By leveraging on the technical expertise of Gemtek Tech in the area of delivering wireless and IoT related solutions and services, Atilze is poised to increase its future revenue stream. Our Group is one of the prominent solutions and services provider for LoRa in Malaysia. The two major segments of IoT solution and services that Atilze will focus on are Connected Vehicles and Connected Cities.

For the Connected Vehicles segment, Atilze provides an end-to-end solution that turns regular vehicles into connected smart vehicles. This is done through installing a vehicle management device with 3G/4G LTE connectivity, that transmits data including vehicle condition, location, and driver behaviour to a cloud-based platform. The device works with an Advanced Driving Assistance System (ADAS) which has a built-in camera that detects potentially dangerous situations and alarms the driver. These solutions can be packaged as a paid subscription service or an outright sale of the device.

The platform empowers drivers by providing useful insights that helps them to drive better, save fuel and reduce breakdowns. By having real time information, car service centers can provide personalised service and preventive maintenance which increases customer satisfaction and loyalty. Driver behaviour information is vital to insurance companies that will be offering usage based insurance (UBI); same goes for ADAS which is proven to reduce number of accident claims. To businesses, it serves as a fleet management solution that provides full visibility into their vehicles and manage them more effectively and efficiently. End consumers will be better informed about their vehicle's condition thereby enabling them to better gauge the need for vehicle maintenance which will lessen the occurrence of accidents due to vehicle breakdowns.

For the Connected Cities segment, Atilze offers solutions and services that will see millions of smart sensors/devices deployed city-wide which will bring new information, insights and interactions to citizens, businesses and governments. Atilze's offerings include supplying IoT chipset for sensors/devices, deployment of LoRaWAN (Long Range Wide Area Network) for transporting IoT data and an IoT platform that allows analysis as well as rapid development of applications utilising these data.

Pursuant to the earlier-mentioned Distributorship Agreement with Gemtek Tech, Atilze will promote, market and sell Gemtek Tech's telecommunications-related products in South East Asia. As at the LPD, Atilze has distributed over of RM10 million worth of Gemtek Tech's telecommunications-related products.

Atilze had on 8 July 2016 partnered with MDEC to build city-wide IoT sensor networks using LoRa technology. Atilze had on 1 December 2016 secured MDEC's "Pilot Project Funding" grant to develop a LoRa-based environmental monitoring solution to measure air quality and haze condition in Cyberjaya and building a web-based public dashboard. As at the LPD, the first two claims for the grant for the said project has been submitted to MDEC. The project is on-going and is expected to be completed by the end of September 2017. The contract is valued at RM0.5 million.

Atilze had on 18 August 2016 entered into a Memorandum of Collaboration ("**MoC**") with Cyberview Sdn Bhd to connect the township of Cyberjaya with a city-wide LoRa network. Under the terms of the MoC, Atilze will supply the LoRa gateways, antenna systems, nodes, modules and access to the IoT data cloud platform for the transmission of data. Atilze will continue to support and maintain the LoRa network after its completion. As at the LPD, Atilze had deployed the LoRa sensor network covering the city of Cyberjaya and is in the midst of installing environmental sensors in Cyberjaya, inclusive of the MDEC "Pilot Project" for air quality and haze monitoring as mentioned above.

Atilze had entered into a 12-month collaboration agreement on 2 September 2016 with Axiata ("**Collaboration Agreement**"). Under the Collaboration Agreement, Atilze and Axiata will jointly implement proof-of-concept pilots for Connected Vehicles and IoT networks in Malaysia, Indonesia and Thailand. Atilze is working closely with Axiata on implementing various IoT related including a "smart village" project in Java, Indonesia and a commercial vehicle related project with the Communications Authority of Thailand (CAT) in Thailand. As at the LPD, the said projects are currently in the pilot phase.

As indicated in this AP, Atilze had on 13 December 2016 secured a supply and install contract from Volkswagen Malaysia to provide its Connected Vehicles solutions for one of the Volkswagen's car models. As at the LPD, Atilze had delivered 200 Connected Vehicles related devices and equipment as per the terms of the contract. The contract for the delivery of 200 Connected Vehicles related devices and equipment is valued at RM0.13 million.

Atilze had on 20 July 2017 entered into a collaboration agreement with U Mobile Sdn Bhd for the provision of 3G and 4G LTE connectivity for Connected Vehicles devices. U Mobile Sdn Bhd is also looking to bundle Atilze's Connected Vehicles devices as part of its mobile plans to its enterprise customers.

Through the provision of IoT solution and services, our Group will be better positioned to take advantage of the improving prospects of the ICT industry in Malaysia, specifically the 5 major trends (i.e., big data analytics, cloud computing, mobile device usage, social media and IoT) as set out in Section 6.4 of this AP.

7. EFFECTS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS

7.1 Issued share capital

The pro forma effects of the Rights Issue of Shares with Warrants on our issued share capital are as follows:

Issued G3 Global Shares	Minimum Scenario		Maximum Scenario	
	No. of G3 Global Shares	RM	No. of G3 Global Shares	RM
As at the LPD	137,500,000	13,750,000	137,500,000	13,750,000
Issuance of Rights Shares	243,000,000	48,600,000	275,000,000	55,000,000
	380,500,000	**62,350,000**	**412,500,000**	**68,750,000**
To be issued pursuant to the full exercise of the Warrants	182,250,000	18,225,000	206,250,000	20,625,000
Enlarged	**562,750,000**	**80,575,000**	**618,750,000**	**89,375,000**

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7.2 NA and gearing

The pro forma effects of the Rights Issue of Shares with Warrants on the NA and gearing of our Group based on the audited consolidated financial statements of our Company as at 31 July 2016 are as follows:

Minimum Scenario

	(Audited) As at 31 July 2016 (RM)	(I) After Subsequent Events[(1)] (RM)	(II) After (I) and the Rights Issue of Shares with Warrants (RM)	(III) After (II) and assuming full exercise of the Warrants[(5)] (RM)
Share capital	68,750,000	13,750,000	62,350,000	80,575,000
Share premium	238,528	238,528	-[(2)]	-
Warrant reserve	-	-	18,932,419[(3)]	-
Other reserve	-	-	(18,932,419)[(3)]	-
Accumulated losses / Retained earnings	(43,110,620)	11,889,380	10,927,908[(2)]	10,927,908
Shareholders' funds / NA	**25,877,908**	**25,877,908**	**73,277,908**	**91,502,908**
No. of G3 Global Shares in issue	137,500,000	137,500,000	380,500,000	562,750,000
NA per G3 Global Share (RM)	0.19	0.19	0.19	0.16
Total borrowings (RM)	10,003,578	10,003,578	2,003,578[(4)]	2,003,578
Gearing[(6)](times)	0.39	0.39	0.03	0.02

Notes:

(1) Taking into consideration of the completion of the Share Capital Reduction on 8 August 2017.

(2) The total estimated expenses for the Corporate Exercises is RM1,200,000 of which RM238,528 will be set-off against the share premium account and the remaining RM961,472 will be charged against retained earnings pursuant to Section 618 (3)(b)(ii) of the Act.

(3) Arising from the issuance of Warrants. For illustrative purposes, the Warrants are assumed to have a fair value of RM0.4553 each based on the Black Scholes Model and proportionately adjusted to the TEAP of the Rights Share of RM0.5351 on the basis of 3 Warrants for every 4 Rights Shares. Other reserve is created as a corresponding entry to the warrant reserve. The warrant reserve amount will be reversed against other reserve upon the exercise or expiry of the Warrants.

(4) Based on the utilisation of proceeds set out in Section 4 of this AP.

(5) At an exercise price of RM0.10 per Warrant.

(6) Calculated as total borrowings divided by NA.

Maximum Scenario

	(Audited) As at 31 July 2016 (RM)	(I) After Subsequent Events[(1)] (RM)	(II) After (I) and the Rights Issue of Shares with Warrants (RM)	(III) After (II) and assuming full exercise of the Warrants[(5)] (RM)
Share capital	68,750,000	13,750,000	68,750,000	89,375,000
Share premium	238,528	238,528	-[(2)]	-
Warrant reserve	-	-	21,425,577[(3)]	-
Other reserve	-	-	(21,425,577)[(3)]	-
Accumulated losses / Retained earnings	(43,110,620)	11,889,380	10,927,908[(2)]	10,927,908
Shareholders' funds / NA	**25,877,908**	**25,877,908**	**79,677,908**	**100,302,908**
No. of G3 Global Shares in issue	137,500,000	137,500,000	412,500,000	618,750,000
NA per G3 Global Share (RM)	0.19	0.19	0.19	0.16
Total borrowings	10,003,578	10,003,578	2,003,578[(4)]	2,003,578
Gearing[(6)](times)	0.39	0.39	0.03	0.02

Notes:

(1) *Taking into consideration of the completion of the Share Capital Reduction on 8 August 2017.*

(2) *The total estimated expenses for the Corporate Exercises is RM1,200,000 of which RM238,528 will be set-off against the share premium account and the remaining RM961,472 will be charged against retained earnings pursuant to Section 618 (3)(b)(ii) of the Act.*

(3) *Arising from the issuance of Warrants. For illustrative purposes, the Warrants are assumed to have a fair value of RM0.4553 each based on the Black Scholes Model and proportionately adjusted to the TEAP of the Rights Share of RM0.5351 on the basis of 3 Warrants for every 4 Rights Shares. Other reserve is created as a corresponding entry to the warrant reserve. The warrant reserve amount will be reversed against other reserve upon the exercise or expiry of the Warrants.*

(4) *Based on the utilisation of proceeds set out in Section 4 of this AP.*

(5) *At an exercise price of RM0.10 per Warrant.*

(6) *Calculated as total borrowings divided by NA.*

7.3 Earnings and EPS

The Rights Issue of Shares with Warrants is not expected to have an immediate material effect on the consolidated earnings and EPS of our Group for the FYE 31 December 2018 as the Rights Issue of Shares with Warrants is only expected to be completed in the 4th quarter of 2017 whilst the proceeds to be raised are expected to be utilised within 24 months from the date of the listing of the Rights Shares. Nevertheless, the Rights Issue of Shares with Warrants is expected to contribute positively to the future earnings and EPS of our Group when the benefits of the utilisation of proceeds are realised.

The EPS of our Group will be diluted as a result of the increase in the number of G3 Global Shares in issue pursuant to the issuance of the Rights Shares and the new G3 Global Shares arising from the exercise of the Warrants in the future.

The effect of any exercise of Warrants on our Company's consolidated EPS would depend on the returns generated by our Company from the utilisation of proceeds arising from the exercise of the Warrants.

For illustration purposes, assuming the Rights Issue of Shares with Warrants is completed on 1 August 2015, being the commencement date for the FYE 31 July 2016, the EPS of our Group shall be as follows:

Minimum Scenario

	(Audited) As at 31 July 2016	(I) After the Rights Issue of Shares with Warrants	(II) After (I) and assuming full exercise of the Warrants
LAT attributable to our equity holders (RM)	(14,278,158)	(14,278,158)	(14,278,158)
No. of G3 Global Shares in issue	137,500,000	380,500,000	562,750,000
No. of Warrants in issue	-	182,250,000	-
Basic LPS (sen)	(0.11)*	(0.04)	(0.03)
Diluted LPS (sen)	*N/A(1)*	*N/A(2)*	*N/A(1)*

Notes:

* *Based on audited financial statements of our Group for the FYE 31 July 2016. The basic LPS was calculated by dividing our Group's LAT for the FYE 31 July 2016 by the weighted average number of Shares in issue during the financial year of 126,574,795.*

(1) Not applicable as our Company does not have any dilutive potential ordinary shares.

(2) Not applicable as the effect arising from the assumed exercise of the Warrants are anti-dilutive on the LPS for the FYE 31 July 2016.

Maximum Scenario

	(Audited) As at 31 July 2016	(I) After the Rights Issue of Shares with Warrants	(II) After (I) and assuming full exercise of the Warrants
LAT attributable to our equity holders (RM)	(14,278,158)	(14,278,158)	(14,278,158)
No. of G3 Global Shares in issue	137,500,000	412,500,000	618,750,000
No. of Warrants in issue	-	206,250,000	-
Basic LPS (sen)	(0.11)*	(0.03)	(0.02)
Diluted LPS (sen)	*N/A(1)*	*N/A(2)*	*N/A(1)*

Notes:

* *Based on audited financial statements of our Group for the FYE 31 July 2016. The basic LPS was calculated by dividing our Group's LAT for the FYE 31 July 2016 by the weighted average number of Shares in issue during the financial year of 126,574,795.*

(1) *Not applicable as our Company does not have any dilutive potential ordinary shares.*

(2) *Not applicable as the effect arising from the assumed exercise of the Warrants are anti-dilutive on the LPS for the FYE 31 July 2016.*

8. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

8.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds from the Rights Issue of Shares with Warrants, cash in hand, funds generated from our operations and banking facilities available, our Group will have adequate working capital for the next 12 months from the date of this AP.

8.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of RM9.29 million, all of which are interest-bearing and from local financial institutions, details of which are as follows:

	As at the LPD (RM'000)
Short-term borrowings:	
Bank overdrafts	4,981
Bankers' acceptances	4,156
Finance lease liabilities	30
Long-term borrowings:	
Finance lease liabilities	121

There is no non-interest bearing and foreign currency denominated borrowings as at the LPD.

There was no default on payment of either interest or principal sums in respect of any borrowing, throughout the past FYE 31 July 2016, and the subsequent financial period up to the LPD.

8.3 Contingent liabilities

As at the LPD, there is no other contingent liability incurred by our Company or our Group, which upon becoming enforceable, may have a material impact on the financial position of our Group.

8.4 Material commitments

As at LPD, there is no other material commitment incurred by our Company or our Group which upon becoming enforceable, may have material impact on the financial position of our Group

9. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS

9.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional Rights Shares with Warrants which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue of Shares with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional Rights Shares with Warrants, as well as to apply for excess Rights Shares with Warrants if you choose to do so.

9.2 NPA

The provisionally allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the provisional Rights Shares with Warrants will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renouncees (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

9.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the provisional Rights Shares with Warrants is at **5.00 p.m. on 25 September 2017**.

9.4 Procedure for full acceptance and payment by Entitled Shareholders and acceptance by renouncees

If you wish to accept your entitlement to the provisional Rights Shares with Warrants, the acceptance of and payment for the provisional Rights Shares with Warrants must be made on the respective RSF enclosed with this AP and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this AP, the NPA or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

Renouncees who wish to accept the provisional Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers or our Share Registrar or at our Registered Office or from the Bursa Securities' website at http://www.bursamalaysia.com and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders also applies to renouncees who wish to accept the provisional Rights Shares with Warrants.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS, EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEES (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you wish to accept your entitlement/acceptance, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions provided in the RSF. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to our Share Registrar by **ORDINARY POST** or **DELIVERED BY HAND AND/OR COURIER** at the following address:

AGRITEUM Share Registration Services Sdn Bhd
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang

Tel. no.: 04-228 2321
Fax no.: 04-227 2391

so as to arrive **not later than 5.00 p.m. on 25 September 2017**, being the last time and date for acceptance and payment.

1 RSF can only be used for acceptance of provisional Rights Shares with Warrants standing to the credit of 1 CDS Account. Separate RSF(s) must be used for separate CDS Account(s). If successful, the Rights Shares with Warrants subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this AP. In order to facilitate the processing of the RSF by our Share Registrar for the Rights Shares with Warrants, you are advised to use 1 reply envelope for each completed RSF.

You and/or your renouncees (if applicable) should take note that a trading board lot for the Rights Shares and Warrants comprises 100 Rights Shares and 100 Warrants, respectively. Successful applicants of the Rights Shares will be given the Warrants on the basis of 3 Warrants for every 4 Rights Shares successfully subscribed for. The minimum number of security that can be subscribed for or accepted is 2 Rights Shares for 1 existing G3 Global Share held. The minimum number of Warrants that can be issued and allotted with the accepted Rights Shares is 1 Warrant.

If acceptance of and payment for the provisional Rights Shares with Warrants is not received by our Share Registrar by **5.00 p.m. on 25 September 2017**, being the last time and date for acceptance of and payment for the provisional Rights Shares with Warrants, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled. In the event that the Rights Shares with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants to the applicants who have applied for the excess Rights Shares with Warrants in the manner as set out in Section 9.7 of this AP. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept any application or to accept any application in part only without providing any reason.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website at http://www.bursamalaysia.com, our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "G3 GLOBAL RIGHTS SHARES ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, ADDRESS, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN 8 MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN ON BURSA DEPOSITORY'S RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

9.5 Procedure for part acceptance by Entitled Shareholders

You must complete both Part I(A) of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 9.4 of this AP.

The portion of the provisional Rights Shares with Warrants 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 Shares with Warrants.

9.6 Procedure for sale/transfer of provisional Rights Shares with Warrants

As the provisional Rights Shares with Warrants are prescribed securities, you may dispose of or transfer all or part of your entitlement to the Rights Shares with Warrants to 1 or more person(s) through your stockbrokers without first having to request for a split of the provisional Rights Shares with Warrants standing to the credit of your CDS Accounts. To dispose or transfer all or part of your entitlement to the provisional Rights Shares with Warrants, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have sold or transferred only part of the provisional Rights Shares with Warrants, you may still accept the balance of the provisional Rights Shares with Warrants by completing Parts I(A) and II of the RSF. Please refer to Section 9.4 of this AP for the procedure, acceptance and payment.

In disposing/transferring all or part of your provisionally Rights Shares with Warrants, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there are sufficient provisional Rights Shares with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

9.7 Procedure for application of excess Rights Shares with Warrants

You and/or your renouncees (if applicable) who accepted the provisional Rights Shares with Warrants may apply for excess Rights Shares with Warrants by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to our Share Registrar **not later than 5.00 p.m. on 25 September 2017**, being the last time and date for acceptance and payment.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 9.4 OF THIS AP, EXCEPT THAT THE BANKER'S DRAFT(S)/CASHIER'S ORDER(S)/MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" MUST BE MADE PAYABLE TO "G3 GLOBAL EXCESS RIGHTS SHARES ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

It is the intention of our Board to allot the excess Rights Shares with Warrants on a fair and equitable basis and in the following priority:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, to the Entitled Shareholders who have applied for excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in our Company on the Entitlement Date;

(iii) thirdly, to the Entitled Shareholders who have applied for excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of excess Rights Shares with Warrants applied for; and

(iv) finally, to renouncee(s) who have applied for the excess Rights Shares with Warrants, on a pro-rata basis and in board lots, based on the quantum of excess Rights Shares with Warrants applied for.

In the event there is any remaining excess Rights Shares with Warrants applied for by the Entitled Shareholders and/ or renouncee(s) who have applied for the excess Rights Shares with Warrants after carrying out steps (i)-(iv) as set out above, our Board will decide on the allotment of the remaining excess Rights Shares with Warrants in the best interest of our Company subject always to such allocation being made on a fair and equitable basis.

Nevertheless, our Board reserves the right to allot any excess Rights Shares with Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in (i), (ii), (iii) and (iv) above are achieved. Our Board also reserves the right to accept any excess Rights Shares with Warrants application, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED, AT THE ABSOLUTE DISCRETION OF OUR BOARD.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUES BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICE OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN 8 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

9.8 Notice of allotment

Upon allotment of the Rights Shares with Warrants in respect of your acceptance and/or your renouncee's acceptance (if applicable) and excess Rights Shares with Warrants application (if any), the Rights Shares with Warrants shall be credited directly into the respective CDS Account. No physical share certificates and warrant certificates will be issued in respect of the Rights Shares with Warrants. However, a notice of allotment will be despatched to you and/or your renouncees (if applicable), by ordinary post within 8 Market Days from the last date of acceptance and payment for the Rights Shares with Warrants and excess Rights Shares with Warrants application, or such other period as may be prescribed or allowed by Bursa Securities, at the address shown on the Record of Depositors at your own risk.

Where any application for the Rights Shares with Warrants is not accepted due to non-compliance with the terms of the Rights Issue of Shares with Warrants or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you within 15 Market Days from the last date and time for acceptance and payment of the Rights Shares with Warrants by ordinary post to the address shown on the Record of Depositors at your own risk.

Please note that a completed RSF and the payment thereof once lodged with our Share Registrar for the Rights Issue of Shares with Warrants cannot be withdrawn subsequently.

9.9 Form of issuance

Bursa Securities has prescribed that our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants and the new Shares to be issued arising from the exercise of Warrants are prescribed securities and as such the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the Rights Shares with Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. Your subscription for the Rights Shares with Warrants shall mean your consent to receiving such Rights Shares with Warrants as deposited securities which will be credited directly into your CDS Account. No physical share certificate or warrant certificate will be issued to you under the Rights Issue of Shares with Warrants. Instead, the Rights Shares with Warrants will be credited directly into your CDS Accounts, and notices of allotment will be sent to you in the manner as stated in Section 9.8.

Any person who has purchased the provisional Rights Shares with Warrants or to whom provisional Rights Shares with Warrants has been transferred and intends to subscribe for the Rights Shares with Warrants must state his/her CDS Account number in the space provided in the RSF. The Rights Shares with Warrants will be credited directly as prescribed or deposited securities into his/her CDS Account upon allotment and issue.

The excess Rights Shares with Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the excess Rights Shares with Warrants will be made on a fair and equitable basis as disclosed in Section 9.7 of this AP.

9.10 Laws of foreign jurisdictions

This AP and the accompanying NPA and RSF 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 pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue of Shares with Warrants will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this AP together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or their renouncees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renouncees (if applicable) may collect this AP including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issue of Shares with Warrants.

Foreign Entitled Shareholders and/or their renouncees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of Shares with Warrants only to the extent that it would be lawful to do so.

TA Securities, our Company and our Directors and officers as well as other professional advisers would not, in connection with the Rights Issue of Shares with Warrants, be in breach of, responsible or liable under the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renouncees (if applicable) are or may be subject to. Foreign Entitled Shareholders and/or their renouncees (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. TA Securities, our Company and our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renouncees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The foreign Entitled Shareholders and/or their renouncees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncees (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against our Company and/or TA Securities in respect of their rights and entitlements under the Rights Issue of Shares with Warrants. Such foreign Entitled Shareholders and/or their renouncees (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 Shares with Warrants.

By accepting the provisionally allotted Rights Shares with Warrants and signing the RSF, the foreign Entitled Shareholders and/or their renouncees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) TA Securities, our Company and our Directors and officers that:

(i) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue of Shares with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renouncees (if applicable) is or may be subject to;

(ii) the foreign Entitled Shareholders and/or their renouncees (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the provisional Rights Shares with Warrants;

(iii) the foreign Entitled Shareholders and/or their renouncees (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the provisional Rights Shares with Warrants, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) the foreign Entitled Shareholders and/or their renouncees (if applicable) are aware that the Rights Shares with Warrants 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 Shareholders and/or their renouncees (if applicable) have received a copy of this AP and have been provided the opportunity to post such questions to the representatives and receive answers thereto as the foreign Entitled Shareholders and/or their renouncees (if applicable) deem necessary in connection with the foreign Entitled Shareholders and/or their renouncees (if applicable) decision to subscribe for or purchase the Rights Shares with Warrants. However, any information relevant to an investment shall be contained in this AP; and

(vi) the foreign Entitled Shareholders and/or their renouncees (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Persons receiving this AP, the NPA and the RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this AP, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this AP, the NPA and the RSF 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 we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders and/or their renouncees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

10. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants pursuant to the Rights Issue of Shares with Warrants is governed by the terms and conditions as set out in this AP, the Deed Poll, the NPA and the RSF enclosed herewith.

11. FURTHER INFORMATION

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

Yours faithfully
For and behalf of the Board of
G3 GLOBAL BERHAD
(FORMERLY KNOWN AS YEN GLOBAL BERHAD)

GOH KOK BENG
Executive Chairman

Company No. 570396-D

APPENDIX I

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 8 MAY 2017

CERTIFIED TRUE COPY
25 JUL 2017
CHEE WAI HONG
COMPANY SECRETARY
BC/C/1470

G3 GLOBAL BERHAD
(Formerly known as Yen Global Berhad)
(Company No. 570396-D)
(Incorporated in Malaysia)

EXTRACT OF MINUTES OF EXTRAORDINARY GENERAL MEETING

EXTRACT OF MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD AT EASTIN HOTEL, KAPUR ROOM, 1 SOLOK BAYAN INDAH, QUEENSBAY, 11900 BAYAN LEPAS, PENANG ON MONDAY, 8 MAY 2017 AT 2:30 P.M.

Ordinary Resolution 1 – Proposed Rights Issue Of Shares With Warrants

The Chairman announced the poll results in respect of Ordinary Resolution 1 as follows:-

Resolution	FOR		AGAINST	
	Number of shares	%	Number of shares	%
Ordinary Resolution 1	102,459,000	100	0	0

The Chairman declared that the following Ordinary Resolution 1 was carried without modification:-

ORDINARY RESOLUTION 1
PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 275,000,000 NEW ORDINARY SHARES IN YEN GLOBAL ("YEN GLOBAL SHARES" OR "SHARES") ("RIGHTS SHARES") ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 1 EXISTING YEN GLOBAL SHARE (HELD AFTER THE PROPOSED SHARE CAPITAL REDUCTION ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE"), TOGETHER WITH UP TO 206,250,000 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 3 WARRANTS FOR EVERY 4 RIGHTS SHARES SUBSCRIBED BY THE ENTITILED SHAREHOLDERS ("PROPOSED RIGHTS ISSUE OF SHARES WITH WARRANTS")

"THAT, subject to the passing of the Special Resolution 1 and the completion of the Proposed Share Capital Reduction and the approvals being obtained from the relevant authorities and parties (where required), authority be and is hereby given to the Board for the following:

(i) provisionally allot and issue by way of a renounceable rights issue of up to 275,000,000 Rights Shares on the basis of 2 Rights Shares for every 1 existing Yen Global Share (held after the Proposed Share Capital Reduction on the Entitlement Date), together with up to 206,250,000 Warrants on the basis of 3 Warrants for every 4 Rights Shares, held by the shareholders of Yen Global whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined later by the Board;

(ii) enter into and execute the deed poll in relation to the Proposed Rights Issue of Shares with Warrants ("**Deed Poll**") and to do all acts, deeds and things as they may deem fit or expedient in order to implement, finalise and give full effect to the aforesaid Deed Poll; and

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 8 MAY 2017 (*CONT'D*)

G3 Global Berhad (Formerly known as Yen Global Berhad)
(Company No. 570396-D)
Extract of Minutes of the Extraordinary General Meeting held on 8 May 2017

(iii) utilise the proceeds to be derived from the Proposed Rights Issue of Shares with Warrants in the manner as set out in Section 2.2.5 of the circular to shareholders dated 14 April 2017 ("**Circular**") and vary the manner and/or purpose of utilisation of such proceeds as they may deem fit and in the best interest of the Company,

THAT the Rights Shares and the new Yen Global Shares to be issued arising from the exercise of the Warrants shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing Yen Global Shares, save and except that the Rights Shares and the new Yen Global Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distribution, the entitlement date of which is prior to the date of allotment of the Rights Shares and the new Yen Global Shares arising from the exercise of the Warrants.

AND THAT the Board be and is hereby authorised to take all such necessary steps to give full effect to the Proposed Rights Issue of Shares with Warrants with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue of Shares with Warrants."

CERTIFIED TRUE EXTRACT,

GOH KOK BENG
DIRECTOR

YEOH YEOW CHEANG
DIRECTOR

Date : 14 July 2017

Stamped for identification for the subsequent pages of the certified true copy of the main page dated:
25 JUL 2017
Name of Secretary: Chee Wai Hong BC/C/1470

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia on 31 January 2002 as a public limited company under the name G.A Blue International Bhd. Our Company was listed on the then Second Board of Bursa Securities on 25 February 2004 and is currently listed on the Main Market of Bursa Securities. On 22 January 2008, our Company changed its name from G.A. Blue International Bhd to Sequoia Holdings Berhad. On 8 March 2010, our Company changed its name from Sequoia Holdings Berhad to Yen Global Berhad. On 9 May 2017, our Company changed its name from Yen Global Berhad to G3 Global Berhad.

Our Company is principally involved in investment holding while our subsidiary companies are principally involved in the provision of services relating to specialised treatment and finishing process of jeanswear, and marketing, distributing and retailing of jeanswear, footwear, ready-made clothing, handbags and other fashion apparels as well as sales of ICT equipment, devices, wholesale voice and IoT products and services.

Further details of the principal activities of our subsidiary companies are set out in Section 6 of this Appendix.

2. SHARE CAPITAL

Our share capital as at the LPD is as follows:

Share Capital	No. of G3 Global Shares	Total RM
Issued share capital	137,500,000	13,750,000

The changes in our issued share capital for the past 3 years up to the LPD are as follows:

Date of allotment	No. of Shares allotted	Description	Cumulative issued share capital (RM)
9 June 2016	12,500,000	Cash (from private placement)	68,750,000
8 August 2017	-	Share capital reduction of RM55.0 million	13,750,000

3. BOARD DIRECTORS

Please refer to the Corporate Directory on page 1 of this AP for the details of our Board members.

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4. DIRECTORS' SHAREHOLDINGS

The pro forma effects of the Rights Issue of Shares with Warrants on the shareholdings of our Directors based on their shareholdings as per the Record of Depositors as at the LPD are as follows:

Minimum Scenario

	As at the LPD				(I) After the Rights Issue of Shares with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of G3 Global Shares	%	No. of G3 Global Shares	%	No. of G3 Global Shares	%	No. of G3 Global Shares	%	No. of G3 Global Shares	%	No. of G3 Global Shares	%
Goh Kok Beng	-	-	30,000,000^(1)^	21.82	-	-	30,000,000^(1)^	7.88	-	-	30,000,000^(1)^	5.33
Yeoh Yeow Cheang	71,700	0.05	-	-	71,700	0.02	-	-	71,700	0.01	-	-
Lim Boon Hong	-	-	-	-	-	-	-	-	-	-	-	-
Saffie Bin Bakar	54,200	0.04	-	-	54,200	0.01	-	-	54,200	0.01	-	-
Oon Hock Chye	-	-	-	-	-	-	-	-	-	-	-	-
Yong Kim Fui	-	-	-	-	-	-	-	-	-	-	-	-
Huang Heng-Li	-	-	-	-	-	-	-	-	-	-	-	-
Tan Kay Yen	-	-	-	-	-	-	-	-	-	-	-	-
Liew Kok Seong	-	-	-	-	-	-	-	-	-	-	-	-

Note:

(1) Deemed interested by virtue of his shareholdings in ELSB pursuant to Section 8(4) of the Act.

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Maximum Scenario

Name	As at the LPD				(I) After the Rights Issue of Shares with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of G3 Global Shares	%	No. of G3 Global Shares	%	No. of G3 Global Shares	%	No. of G3 Global Shares	%	No. of G3 Global Shares	%	No. of G3 Global Shares	%
Goh Kok Beng	-	-	30,000,000[(1)]	21.82	-	-	90,000,000[(1)]	21.82	-	-	135,000,000[(1)]	21.82
Yeoh Yeow Cheang	71,700	0.05	-	-	215,100	0.05	-	-	322,650	0.05	-	-
Lim Boon Hong	-	-	-	-	-	-	-	-	-	-	-	-
Saffie Bin Bakar	54,200	0.04	-	-	162,600	0.04	-	-	243,900	0.04	-	-
Oon Hock Chye	-	-	-	-	-	-	-	-	-	-	-	-
Yong Kim Fui	-	-	-	-	-	-	-	-	-	-	-	-
Huang Heng-Li	-	-	-	-	-	-	-	-	-	-	-	-
Tan Kay Yen	-	-	-	-	-	-	-	-	-	-	-	-
Liew Kok Seong	-	-	-	-	-	-	-	-	-	-	-	-

Note:

(1) Deemed interested by virtue of his shareholdings in ELSB pursuant to Section 8(4) of the Act.

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5. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The pro forma effects of the Rights Issue of Shares with Warrants on the shareholding of our substantial shareholders based on their shareholdings as at the LPD are as follows:

Minimum Scenario

	As at the LPD				(I) After Rights Issue of Shares with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
GPB	30,250,000	22.00	-	-	90,750,000	23.85	-	-	136,125,000	24.19	-	-
Green Packet Holdings Ltd(1)	-	-	30,250,000	22.00	-	-	90,750,000	23.85	-	-	136,125,000	24.19
Tan Sri Dato' Kok Onn(1)	-	-	30,250,000	22.00	-	-	90,750,000	23.85	-	-	136,125,000	24.19
Puan Chan Cheong(1)	-	-	30,250,000	22.00	-	-	90,750,000	23.85	-	-	136,125,000	24.19
GIC(2)	41,250,000	30.00	-	-	123,750,000	32.52	-	-	185,625,000	32.99	-	-
ELSB	30,000,000	21.82	-	-	30,000,000	7.88	-	-	30,000,000	5.33	-	-
Goh Kok Beng(3)	-	-	30,000,000	21.82	-	-	30,000,000	7.88	-	-	30,000,000	5.33
Goh Kok Heng(3)	-	-	30,000,000	21.82	-	-	30,000,000	7.88	-	-	30,000,000	5.33
TA Securities	-	-	-	-	19,000,000	4.99	-	-	33,250,000	5.91	-	-
KAF IB	-	-	-	-	19,000,000	4.99	-	-	33,250,000	5.91	-	-
Malacca Securities	-	-	-	-	19,000,000	4.99	-	-	33,250,000	5.91	-	-
Mercury Securities	-	-	-	-	19,000,000	4.99	-	-	33,250,000	5.91	-	-
UOB Kay Hian	-	-	-	-	19,000,000	4.99	-	-	33,250,000	5.91	-	-
SJ Securities	-	-	-	-	5,000,000	1.31	-	-	8,750,000	1.55	-	-

Notes:

(1) Green Packet Holdings Ltd, Tan Sri Dato' Kok Onn and Puan Chan Cheong are deemed interested by virtue of their shareholdings in GPB pursuant to Section 8(4) of the Act.

(2) GIC and/or its duly appointed nominee, if any.

(3) Goh Kok Beng and Goh Kok Heng are deemed interested by virtue of their shareholdings in ELSB pursuant to Section 8(4) of the Act.

Maximum Scenario

	As at the LPD				(I) After Rights Issue of Shares with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
GPB	30,250,000	22.00	-	-	90,750,000	22.00	-	-	136,125,000	22.00	-	-
Green Packet Holdings Ltd[(1)]	-	-	30,250,000	22.00	-	-	90,750,000	22.00	-	-	136,125,000	22.00
Tan Sri Dato' Kok Onn[(1)]	-	-	30,250,000	22.00	-	-	90,750,000	22.00	-	-	136,125,000	22.00
Puan Chan Cheong[(1)]	-	-	30,250,000	22.00	-	-	90,750,000	22.00	-	-	136,125,000	22.00
GIC[(2)]	41,250,000	30.00	-	-	123,750,000	30.00	-	-	185,625,000	30.00	-	-
ELSB	30,000,000	21.82	-	-	90,000,000	21.82	-	-	135,000,000	21.82	-	-
Goh Kok Beng[(3)]	-	-	30,000,000	21.82	-	-	90,000,000	21.82	-	-	135,000,000	21.82
Goh Kok Heng[(3)]	-	-	30,000,000	21.82	-	-	90,000,000	21.82	-	-	135,000,000	21.82

Notes:

(1) *Green Packet Holdings Ltd, Tan Sri Dato' Kok Onn and Puan Chan Cheong are deemed interested by virtue of their shareholdings in GPB pursuant to Section 8(4) of the Act.*

(2) *GIC and/or its duly appointed nominee, if any.*

(3) *Goh Kok Beng and Goh Kok Heng are deemed interested by virtue of their shareholdings in ELSB pursuant to Section 8(4) of the Act.*

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6. SUBSIDIARY AND ASSOCIATED COMPANIES

The details of our subsidiary companies as at the LPD are as follows:

Company	Date and place of incorporation	Principal activities	Issued share capital (RM)	Effective equity interest (%)
Edwin Jeans (M) Sdn Bhd	6 April 1988, Malaysia	Marketing, distributing and retailing of jeanswear and other fashion apparels.	1,000,000	100.00
G.A. Blue Corporation Sdn Bhd	23 November 1992, Malaysia	Manufacturing and marketing of jeanswear and its related products.	2,200,000	100.00
Atilze	29 August 2014, Malaysia	Supplier of telecommunication solutions, services and products.	1,000,000	100.00
Above Drive Sdn Bhd	11 May 2016, Malaysia	Wholesaling and retailing of ICT products and services	2,400	85.71[(1)]
Evatech Sdn Bhd	24 December 1998, Malaysia	Manufacturing and selling of garments and apparels.	100,000	100.00
Yen Denim (M) Sdn Bhd	8 February 1990, Malaysia	Inactive.	2	100.00
Yen Retailing (M) Sdn Bhd	22 September 1997, Malaysia	Distributing and retailing of jeanswear, footwear and other accessories.	100,000	100.00
Uni Jeans Care Sdn Bhd	12 August 1996, Malaysia	Provision of services relating to specialised treatment and finishing process of jeanswear.	200,000	100.00
Mustang Jeans (M) Sdn Bhd	19 August 1994, Malaysia	Marketing of jeanswear and its related products.	100,000	100.00
Lensan Sdn Bhd	13 May 2002, Malaysia	Inactive.	200,000	100.00
Sebico Jaya Trading Co. Sdn Bhd	21 April 1984, Malaysia	Retailing of ready-made clothing, handbags and personal effects.	1,000,000	100.00
Delison Sdn Bhd	2 April 2002, Malaysia	Inactive.	250,000	100.00

Note:

(1) The remaining 14.29% equity interest in Above Drive Sdn Bhd is owned by GLKM, Chief Executive Officer of Atilze.

We do not have any associated companies as at the LPD.

7. PROFIT AND DIVIDEND RECORDS

The summary of the financial performance and financial position of our Group for the FYEs 31 July 2014, 2015 and 2016 as well as the unaudited 9-month FPEs 30 April 2016 and 2017 are as follows:

	Audited			Unaudited	
	FYE 31 July 2014 (RM'000)	**FYE 31 July 2015 (RM'000)**	**FYE 31 July 2016 (RM'000)**	**9-month FPE 30 April 2016 (RM'000)**	**9-month FPE 30 April 2017 (RM'000)**
Revenue	35,723	34,695	36,970	17,153	16,890
GP	10,137	10,671	128	449	4,813
Other income	1,326	4,193	1,686	1,273	2,121
Administrative expenses	(11,731)	(10,386)	(9,207)	(6,412)	(8,636)
Impairment losses and write-offs	(2,259)	(1,851)	(592)	-	-
Selling and distribution expenses	(7,022)	(6,765)	(5,808)	(4,046)	(3,709)
Finance costs	(845)	(645)	(589)	(468)	(482)
LBT	**(10,394)**	**(4,783)**	**(14,382)**	**(9,204)**	**(5,893)**
Tax income / (expense)	136	140	104	(15)	-
LAT	**(10,258)**	**(4,643)**	**(14,278)**	**(9,219)**	**(5,893)**
Loss attributable to:					
Owners of our Company	(8,960)	(9,981)	(14,278)	(9,219)	(5,893)
Non-controlling interests	(1,298)	5,338	-	-	-
Net loss for the financial year	**(10,258)**	**(4,643)**	**(14,278)**	**(9,219)**	**(5,893)**
LBITDA	(7,728)	(2,769)	(12,629)	(8,071)	(4,627)
Weighted average number of Shares in issue	124,700,000	124,700,000	126,574,795	124,700,000	137,500,000
Basic LPS[(1)] (sen)	(7.18)	(8.00)	(11.28)	(7.39)	(4.29)
Diluted LPS (sen)	N/A	N/A	N/A	N/A	N/A
GP margin (%)	28.38	30.76	0.35	2.62	28.50
LBT margin (%)	(29.10)	(13.79)	(38.90)	(53.66)	(34.89)
LAT margin (%)	(28.71)	(13.38)	(38.62)	(53.75)	(34.89)
Dividend (sen)	-	-	-	-	-

Notes:

N/A *Not applicable as our Company does not have any dilutive potential ordinary shares.*

(1) *Being the LAT attributable to owners of the Company divided by weighted average number of Shares in issue for the financial years/periods under review.*

(a) FYE 31 July 2015 vs FYE 31 July 2014

Our Group's revenue decreased by approximately RM1.03 million or 2.88% (from RM35.72 million in FYE 31 July 2014 to RM34.70 million in FYE 31 July 2015) mainly due to:

(i) the introduction of GST by the government in April 2015 which caused consumers to be more cautious in their spending; and

(ii) consumers affected by higher costs of living reducing their purchases of non-essential items which also contributed towards a slowdown in the apparel industry.

Our Group's GP and GP margin increased slightly to approximately RM10.67 million and 30.76%, respectively, in FYE 31 July 2015 (FYE 31 July 2014: RM10.14 million and 28.38%, respectively) due to slightly lower cost of sales from the closure of several non-profitable point of sales counters in Sitiawan, Port Dickson, Johor Bahru and Bintulu and the disposal of Starix Collection Sdn Bhd.

Other income for FYE 31 July 2015 of approximately RM4.19 million comprised mainly gain on disposal of investment in a subsidiary of approximately RM2.34 million from the disposal of Starix Collection Sdn Bhd, gain on disposal of property, plant and equipment of approximately RM0.38 million, rental income of approximately RM0.18 million and royalties of approximately RM1.29 million compared to FYE 31 July 2014 which comprised mainly rental income of approximately RM0.18 million and royalties of approximately RM1.10 million.

In line with the decrease in revenue, LAT attributable to the owners of our Company widened by 11.41% (from RM8.96 million for FYE 31 July 2014 to RM9.98 million for FYE 31 July 2015). The higher LAT was also due to lower margins earned from promotion fairs held at discounted prices in several sub-urban locations to stimulate sales and reduce our Group's inventory levels.

(b) FYE 31 July 2016 vs FYE 31 July 2015

Our Group's revenue increased by approximately RM2.27 million or 6.54% (from RM34.70 million in FYE 31 July 2015 to RM36.97 million in FYE 31 July 2016). The increase in revenue was mainly due to the new ICT business which started in FYE 31 July 2016 and generated revenue of RM10.26 million. There was no revenue from the ICT business in FYE 31 July 2015. However, the increase was offset by lower revenue derived from the apparel business by RM7.99 million (from RM34.70 million in FYE 31 July 2015 to RM26.71 million in FYE 31 July 2016).

Our Group's GP and GP margin decreased to approximately RM0.13 million and 0.35%, respectively, in FYE 31 July 2016 (FYE 31 July 2015: RM10.67 million and 30.76%, respectively) mainly due to inventory written off of RM8.29 million and steep discounts given to customers in order to clear slow moving inventories.

Other income for FYE 31 July 2016 of approximately RM1.69 million comprised mainly of realised gain on foreign exchange of approximately RM0.11 million, rental income of approximately RM0.18 million and royalties of approximately RM1.31 million compared to FYE 31 July 2015 of approximately RM4.19 million.

Despite the higher revenue, our Group's LAT attributable to owners of our Company widened by RM4.30 million or 43.09% (from RM9.98 million in the FYE 31 July 2015 to RM14.28 million in FYE 31 July 2016). The increase in LAT was due to:

(i) write-off of inventory amounting to RM5.14 million due to depressed business conditions for the apparel industry. The inventory written off were jeans, pants, shirts and other types of clothing that have been held in stock for more than 4 years and slow-moving inventory that our Group perceived to likely go out of fashion in the near future; and

(ii) weakening of the Ringgit which resulted in higher production and procurement costs for our Group's products, thus reducing gross margins and partly caused the higher LAT.

(c) 9-month FPE 30 April 2017 vs 9-month FPE 30 April 2016

Our Group's revenue decreased by approximately RM0.26 million or 1.53% (from RM17.15 million in 9-month FPE 30 April 2016 to RM16.89 million in 9-month FPE 30 April 2017) mainly due to lower revenue derived from the apparel business by RM2.01 million (from RM17.53 million in the 9-month FPE 30 April 2016 to RM15.52 million in the 9-month FPE 30 April 2017 due to consumers affected by higher costs of living reducing their purchases of non-essential items which also contributed towards a slowdown in the apparel industry. However, the decrease was partially offset by the new ICT business which generated revenue of RM1.37 million.

Our Group's GP and GP margin increased significantly to approximately RM4.81 million and 25.80%, respectively, in 9-month FPE 30 April 2017 (9- month FPE 30 April 2016: RM0.45 million and 2.62%, respectively) mainly due to improved margins on normal priced goods and no further write-offs of slow moving inventories as compared with the previous 9-month FPE 30 April 2016.

Other income for 9-month FPE 30 April 2017 of approximately RM2.12 million comprised mainly gain on disposal of investment in a subsidiary of approximately RM0.93 million from the disposal of Twin Access Sdn Bhd compared to 9-month FPE 30 April 2016 of approximately RM1.27 million which comprised mainly of royalty income of RM1.06 million.

Despite the lower revenue, LAT attributable to the owners of our Company lowered by 36.12% (from RM9.22 million for 9-month FPE 30 April 2016 to RM5.89 million for 9-month FPE 30 April 2017). The lower LAT was mainly due to no further write-offs of inventory for the 9-month FPE 30 April 2017 as compared to write-off of inventory in the 9-month FPE 30 April 2016 amounting to RM3.83 million.

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8. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted market prices of G3 Global Shares for the past 12 months are as follows:

	Highest (RM)	Lowest (RM)
2016		
September	1.360	1.170
October	1.300	1.160
November	1.200	0.900
December	1.210	1.050
2017		
January	1.100	0.990
February	1.110	1.000
March	1.150	1.010
April	1.310	1.010
May	2.010	1.310
June	2.070	1.820
July	1.880	1.710
August	2.000	1.720

The last transacted market price of G3 Global Shares on 21 November 2016 (being the last trading date prior to the Announcement) was RM1.10.

The last transacted market price of G3 Global Shares on 18 August 2017 (being the LPD prior to printing of this AP) was RM1.87.

The last transacted market price of G3 Global Shares on 30 August 2017 (being the last day on which G3 Global Shares were traded prior to the ex-date of the Rights Issue of Shares with Warrants) was RM1.98.

(Source: Bloomberg Finance L.P.)

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REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Date: 22 August 2017

Grant Thornton (AF:0042)
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The Board of Directors
G3 Global Berhad
(formerly known as Yen Global Berhad)
Lot 9233, Hala Kampung Jawa 1
Kawasan Perindustrian Bayan Lepas (Fasa 3)
11900 Bayan Lepas
Penang

Dear Sirs,

G3 GLOBAL BERHAD (formerly known as Yen Global Berhad)
REPORT ON THE COMPILATION OF PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

We have completed our assurance engagement to report on the compilation of proforma consolidated statements of financial position of G3 Global Berhad ("G3 Global" or the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 July 2016 and its related notes prepared by the Board of Directors of G3 Global ("Directors").

The proforma consolidated statements of financial position and its related notes as at 31 July 2016 as set out in the accompanying attachment and stamped by us for the purpose of identification, have been prepared for inclusion in the Abridged Prospectus in connection with the Group's renounceable rights issue of up to 275,000,000 new ordinary shares in G3 Global ("G3 Global Shares") ("Rights Shares") on the basis of two (2) Rights Shares for every one (1) existing G3 Global Share held as at 5.00 p.m. on 7 September 2017 at an issue price of RM0.20 per Rights Share, together with up to 206,250,000 free detachable warrants ("Warrants") on the basis of three (3) Warrants for every four (4) Rights Shares subscribed for ("Rights Issue of Shares with Warrants").

The applicable criteria on the basis of which the Directors have compiled the proforma consolidated statements of financial position are as described in the accompanying Note 1 and Note 2.

As part of this process, information about the Group's consolidated statements of financial position has been extracted by the Directors from the Group's consolidated financial statements for the financial year ended 31 July 2016, on which an audit report has been published.

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The Directors' Responsibility for the Proforma Consolidated Statements of Financial Position

The Directors are responsible for compiling the proforma consolidated statements of financial position as at 31 July 2016 on the basis as described in the accompanying Note 1 and Note 2.

Our Responsibilities

Our responsibility is to express an opinion about whether the proforma consolidated statements of financial position have been compiled by the Directors on the basis as described in the accompanying Note 1 and Note 2.

We conducted our engagement in accordance with the 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 the 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 the proforma consolidated statements of financial position on the basis as described in the accompanying Note 1 and Note 2.

For the purpose 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 statements 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 statements of financial position.

The purpose of the proforma consolidated statements of financial position included in the Abridged Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted statements of financial position of the Company as if the events had occurred or the transactions 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 events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the proforma consolidated statements of financial position have been compiled on the basis as described in the accompanying Note 1 and Note 2 involves performing procedures to assess whether the basis as described in the said accompanying notes used by the Directors in the compilation of proforma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related proforma adjustments give appropriate effect to those criteria; and
- The proforma consolidated statements of financial position reflect the proper application of those adjustments to the audited consolidated statement of financial position of the Company as at 31 July 2016.

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The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the proforma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluation of the overall presentation of the proforma consolidated statements 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, the proforma consolidated statements of financial position have been properly compiled, in all material respects, on the basis of applicable criteria as set out in the accompanying Note 1 and Note 2.

Other matters

This letter has been prepared at your request for inclusion in the Abridged Prospectus of G3 Global in connection with the abovementioned Rights Issue of Shares with Warrants. It is not intended to be used for any other purposes. We do not assume responsibility to any other person for the content of this letter.

Yours faithfully,

Grant Thornton	**John Lau Tiang Hua, DJN**
No. AF: 0042	**No. 1107/03/18 (J)**
Chartered Accountants	**Chartered Accountant**

Penang

Chartered Accountants
Member of Grant Thornton International Ltd

G3 GLOBAL BERHAD
(formerly known as Yen Global Berhad)
Company No. 570396-D
(Incorporated in Malaysia under the Companies Act 2016)

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

Minimum Scenario

	Note	Audited as at 31.7.2016	Proforma I	Proforma II	Proforma III
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment		17,940,666	17,940,666	17,940,666	17,940,666
Investment property		115,200	115,200	115,200	115,200
Intangible assets		244,666	244,666	244,666	244,666
		18,300,532	18,300,532	18,300,532	18,300,532
Current assets					
Inventories		15,836,630	15,836,630	15,836,630	15,836,630
Trade receivables		11,774,290	11,774,290	11,774,290	11,774,290
Other receivables, deposits and prepayments		937,849	937,849	937,849	937,849
Current tax assets		93,775	93,775	93,775	93,775
Cash and bank balances	3	8,655,033	8,655,033	48,055,033	66,280,033
		37,297,577	37,297,577	76,697,577	94,922,577
Assets classified as held for sale		2,774,128	2,774,128	2,774,128	2,774,128
		40,071,705	40,071,705	79,471,705	97,696,705
TOTAL ASSETS		58,372,237	58,372,237	97,772,237	115,997,237
EQUITY AND LIABILITIES					
Share capital	4	68,750,000	13,750,000	62,350,000	80,575,000
Share premium	4	238,528	238,528	-	-
Warrant reserve	4	-	-	18,932,419	-
Other reserve	4	-	-	(18,932,419)	-
(Accumulated losses)/Retained profit	4	(43,110,620)	11,889,380	10,927,908	10,927,908
Total equity		25,877,908	25,877,908	73,277,908	91,502,908
Non-current liabilities					
Borrowings		139,567	139,567	139,567	139,567
Deferred tax liabilities		2,919,111	2,919,111	2,919,111	2,919,111
		3,058,678	3,058,678	3,058,678	3,058,678
Current liabilities					
Trade payables		14,025,117	14,025,117	14,025,117	14,025,117
Other payables and accruals		5,221,662	5,221,662	5,221,662	5,221,662
Borrowings	5	9,864,011	9,864,011	1,864,011	1,864,011
Current tax liabilities		541	541	541	541
		29,111,331	29,111,331	21,111,331	21,111,331
Liabilities classified as held for sale		324,320	324,320	324,320	324,320
		29,435,651	29,435,651	21,435,651	21,435,651
Total liabilities		32,494,329	32,494,329	24,494,329	24,494,329
TOTAL EQUITY AND LIABILITIES		58,372,237	58,372,237	97,772,237	115,997,237
Number of ordinary shares		137,500,000	137,500,000	380,500,000	562,750,000
Net Assets per share (RM)		0.19	0.19	0.19	0.16
Total borrowings		10,003,578	10,003,578	2,003,578	2,003,578
Gearing (times)		0.39	0.39	0.03	0.02

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FOR IDENTIFICATION PURPOSES ONLY
AF: 0042

G3 GLOBAL BERHAD
(formerly known as Yen Global Berhad)
Company No. 570396-D
(Incorporated in Malaysia under the Companies Act 2016)

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

Maximum Scenario

	Note	Audited as at 31.7.2016	Proforma I	Proforma II	Proforma III
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment		17,940,666	17,940,666	17,940,666	17,940,666
Investment property		115,200	115,200	115,200	115,200
Intangible assets		244,666	244,666	244,666	244,666
		18,300,532	18,300,532	18,300,532	18,300,532
Current assets					
Inventories		15,836,630	15,836,630	15,836,630	15,836,630
Trade receivables		11,774,290	11,774,290	11,774,290	11,774,290
Other receivables, deposits and prepayments		937,849	937,849	937,849	937,849
Current tax assets		93,775	93,775	93,775	93,775
Cash and bank balances	3	8,655,033	8,655,033	54,455,033	75,080,033
		37,297,577	37,297,577	83,097,577	103,722,577
Assets classified as held for sale		2,774,128	2,774,128	2,774,128	2,774,128
		40,071,705	40,071,705	85,871,705	106,496,705
TOTAL ASSETS		58,372,237	58,372,237	104,172,237	124,797,237
EQUITY AND LIABILITIES					
Share capital	4	68,750,000	13,750,000	68,750,000	89,375,000
Share premium	4	238,528	238,528	-	-
Warrant reserve	4	-	-	21,425,577	-
Other reserve	4	-	-	(21,425,577)	-
(Accumulated losses)/Retained profit	4	(43,110,620)	11,889,380	10,927,908	10,927,908
Total equity		25,877,908	25,877,908	79,677,908	100,302,908
Non-current liabilities					
Borrowings		139,567	139,567	139,567	139,567
Deferred tax liabilities		2,919,111	2,919,111	2,919,111	2,919,111
		3,058,678	3,058,678	3,058,678	3,058,678
Current liabilities					
Trade payables		14,025,117	14,025,117	14,025,117	14,025,117
Other payables and accruals		5,221,662	5,221,662	5,221,662	5,221,662
Borrowings	5	9,864,011	9,864,011	1,864,011	1,864,011
Current tax liabilities		541	541	541	541
		29,111,331	29,111,331	21,111,331	21,111,331
Liabilities classified as held for sale		324,320	324,320	324,320	324,320
		29,435,651	29,435,651	21,435,651	21,435,651
Total liabilities		32,494,329	32,494,329	24,494,329	24,494,329
TOTAL EQUITY AND LIABILITIES		58,372,237	58,372,237	104,172,237	124,797,237
Number of ordinary shares		137,500,000	137,500,000	412,500,000	618,750,000
Net Assets per share (RM)		0.19	0.19	0.19	0.16
Total borrowings		10,003,578	10,003,578	2,003,578	2,003,578
Gearing (times)		0.39	0.39	0.03	0.02

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G3 GLOBAL BERHAD
(formerly known as Yen Global Berhad)
Company No. 570396-D
(Incorporated in Malaysia under the Companies Act 2016)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

1. BASIS OF PREPARATION

The proforma consolidated statements of financial position have been prepared based on the audited consolidated statement of financial position of the Group as at 31 July 2016 and in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with both the format of the financial statements and the accounting policies of the Group.

The proforma consolidated statements of financial position have been prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of the Group as at 31 July 2016, had the adjustments described in Note 2 been effected on that date, and should be read in conjunction with the notes thereto.

The proforma consolidated statements of financial position are presented in two (2) scenarios and have been prepared for illustrative purposes and on the assumption that the number of Rights Shares and Warrants that could be issued pursuant to the Rights Issue of Shares with Warrants would be:

Minimum Scenario : Assuming minimum level of subscription of 243,000,000 Rights Shares at an issue price of RM0.20 per Rights Share together with 182,250,000 Warrants by the following:

(i) two (2) substantial shareholders, namely Green Packet Berhad and Gemtek Investment Co. Ltd. (including any nominee duly appointed by Gemtek Investment Co. Ltd.) who have given written irrevocable and unconditional undertakings to subscribe in full of their entitlements of 143,000,000 Rights Shares; and

(ii) the underwriters for 100,000,000 Rights Shares for which no unconditional and irrevocable written undertakings have been obtained from other shareholders of the Company.

Maximum Scenario : Assuming all the shareholders fully subscribe for their entitlements of the Rights Shares with Warrants.

Fair value of Warrants

Pursuant to the Rights Issue of Shares with Warrants, the fair value assigned to the Warrants under the Minimum and Maximum scenarios of RM0.4553 is determined using the Black-Scholes Option Pricing Model based on the following input computed as at 18 August 2017, being the latest practicable date ("LPD"):

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NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016 (CONT'D)

(a)	Exercise price	:	RM0.10
(b)	Theoretical ex-all price	:	RM0.5351
(c)	Tenure	:	5 years from the date of issuance of Warrants
(d)	Volatility rate	:	52.619%
(e)	Period of volatility assessment	:	Last 180 market days to LPD
(f)	Risk free interest rate	:	3.614% per annum
(g)	Dividend yield	:	0.00%

	Minimum Scenario	**Maximum Scenario**
No. of Warrants	182,250,000	206,250,000
Warrant reserve (RM) #	18,932,419	21,425,577

\# In arriving at the Warrant reserve, the fair values of the Rights Shares and Warrants were proportionately adjusted to the theoretical ex-all price of the Rights Share of RM0.5351 on the basis of 3 Warrants for every 4 Rights Shares.

2. PROFORMA ADJUSTMENTS

Proforma I

Proforma I incorporates the effects of the completion of the Share Capital Reduction of G3 Global pursuant to Section 116 of the Companies Act 2016 ("Act") on 8 August 2017.

The reduction would give rise to a credit of RM55,000,000, which would be utilised to eliminate the Company's accumulated losses of RM44,912,663 based on the audited financial statements of G3 Global for the financial year ended 31 July 2016.

Proforma II

Proforma II incorporates the effects of Proforma I and the Rights Issue of Shares with Warrants and after defrayment of estimated expenses of RM1,200,000 which will be offset against the share premium and retained profit accounts pursuant to Section 618 (3)(b)(ii) of the Act.

The gross proceeds raised from the Rights Issue of Shares with Warrants will be utilised as follows:

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NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016 (CONT'D)

Descriptions	Minimum Scenario	Maximum Scenario RM
Expansion of the Group's new ICT business	33,025,000	37,113,000
Expansion of the Group's existing apparel business	4,375,000	4,375,000
Repayment of bank borrowings	8,000,000	8,000,000
Working capital	2,000,000	4,312,000
Defrayment of expenses in relation to the corporate exercises	1,200,000	1,200,000
Gross proceeds raised	48,600,000	55,000,000

Proforma III

Proforma III incorporates the effects of Proforma II and the effects of full exercise of the Warrants at an exercise price of RM0.10 per Warrant.

3. CASH AND BANK BALANCES

The movements in the cash and bank balances of the Group are as follows:

	Minimum Scenario RM	Maximum Scenario RM
Audited as at 31 July 2016	8,655,033	8,655,033
Proceeds from Rights Issue of Shares with Warrants	48,600,000	55,000,000
Repayment of borrowings	(8,000,000)	(8,000,000)
Defrayment of expenses in relation to the corporate exercises	(1,200,000)	(1,200,000)
As per Proforma II	48,055,033	54,455,033
Full exercise of Warrants	18,225,000	20,625,000
As per Proforma III	66,280,033	75,080,033

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NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016 (CONT'D)

4. SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES

The movements in the share capital, share premium and other reserves of the Group are as follows:

Minimum Scenario:

	Share capital RM	Share Premium RM	Warrants reserve RM	Other reserve RM	(Accumulated losses)/ Retained profit RM
Audited as at 31 July 2016	68,750,000	238,528	-	-	(43,110,620)
Share Capital Reduction	(55,000,000)	-	-	-	55,000,000
As per Proforma I	13,750,000	238,528	-	-	11,889,380
Rights Issue of Shares with Warrants	48,600,000	-	18,932,419	(18,932,419)	-
Defrayment of expenses in relation to the corporate exercises	-	(238,528)	-	-	(961,472)
As per Proforma II	62,350,000	-	18,932,419	(18,932,419)	10,927,908
Exercise of Warrants	18,225,000	-	(18,932,419)	18,932,419	-
As per Proforma III	80,575,000	-	-	-	10,927,908

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NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016 (CONT'D)

Maximum Scenario:

	Share capital RM	Share Premium RM	Warrants reserve RM	Other reserve RM	(Accumulated losses)/ Retained profit RM
Audited as at 31 July 2016	68,750,000	238,528	-	-	(43,110,620)
Share Capital Reduction	(55,000,000)	-	-	-	55,000,000
As per Proforma I	13,750,000	238,528	-	-	11,889,380
Rights Issue of Shares with Warrants	55,000,000	-	21,425,577	(21,425,577)	-
Defrayment of expenses in relation to the corporate exercises	-	(238,528)	-	-	(961,472)
As per Proforma II	68,750,000	-	21,425,577	(21,425,577)	10,927,908
Exercise of Warrants	20,625,000	-	(21,425,577)	21,425,577	-
As per Proforma III	89,375,000	-	-	-	10,927,908

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NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016 (CONT'D)

5. BORROWINGS

The movements in the short term borrowings of the Group are as follows:

	Minimum and Maximum Scenario RM
Audited as at 31 July 2016	9,864,011
Repayment of borrowings	(8,000,000)
As per Proforma II	1,864,011

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John Lau Tiang Hua, Partner
GRANT THORNTON
CHARTERED ACCOUNTANTS
NO. AF: 0042

YEN GLOBAL BERHAD
Company No. 570396-D
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31 JULY 2016

CONTENTS	PAGE

YEN GLOBAL BERHAD
Company No. 570396-D
(Incorporated in Malaysia)

CORPORATE INFORMATION

Directors	Goh Kok Beng (Executive Chairman) Yeoh Yeow Cheang (Executive Director) Lim Boon Hong (Executive Director) Oon Hock Chye (Independent Non-Executive Director) Saffie Bin Bakar (Independent Non-Executive Director) Yong Kim Fui (Independent Non-Executive Director) Huang Heng-Li (Non-Independent Non-Executive Director) Tan Kay Yen (Non-Independent Non-Executive Director) Liew Kok Seong (Alternate Director to Tan Kay Yen)
Secretaries	Chee Wai Hong Foo Li Ling
Audit Committee	Oon Hock Chye (Chairman, Independent Non-Executive Director) Saffie Bin Bakar (Independent Non-Executive Director) Yong Kim Fui (Independent Non-Executive Director)
Registered Office	51-13-A, Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang

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YEN GLOBAL BERHAD
Company No. 570396-D
(Incorporated in Malaysia)

CORPORATE INFORMATION

Business Address	Lot 9233, Hala Kampung Jawa 1 Kawasan Perindustrian Bayan Lepas (Fasa 3) 11900 Bayan Lepas Penang
Share Registrar	Agriteum Share Registration Services Sdn. Bhd. 2nd Floor, Wisma Penang Garden 42, Jalan Sultan Ahmad Shah 10050 Penang
Auditors	Grant Thornton Chartered Accountants
Solicitors	Zaid Ibrahim & Co.
Principal Bankers	Hong Leong Bank Berhad Malayan Banking Berhad
Stock Exchange Listing	Main Market of Bursa Malaysia Securities Berhad

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YEN GLOBAL BERHAD
Company No. 570396-D
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended **31 July 2016.**

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	GROUP RM	COMPANY RM
Loss after tax for the financial year	**(14,278,158)**	**(5,826,088)**

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 July 2016** have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report, other than those disclosed in the financial statements.

DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial year.

The directors do not recommend any dividend payment for the financial year.

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RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company increased its issued and paid-up capital from RM62,500,000 to RM68,750,000 by way of allotment of 12,500,000 new ordinary shares of RM0.50 each at an issue price of RM0.52 per share pursuant to a private placement. The proceeds were used for working capital. The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

Other than the foregoing, the Company did not issue any share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

TREASURY SHARES

During the financial year, the Company sold all of its 300,000 treasury shares in the open market at an average selling price of RM0.49 per share. The proceeds from the sale were used for working capital.

As at 31 July 2016, the Company does not hold any treasury shares. Further relevant details are disclosed in Note 15 to the financial statements.

DIRECTORS

The directors who served since the date of the last report are as follows:

Goh Kok Beng
Yeoh Yeow Cheang
Lim Boon Hong
Oon Hock Chye
Saffie Bin Bakar
Yong Kim Fui (appointed on 29.1.16)
Huang Heng-Li (appointed on 1.9.16)
Tan Kay Yen (appointed on 23.9.16)
Liew Kok Seong (Alternate director to Tan Kay Yen) (appointed on 23.9.16)

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DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:

	|--- Number of ordinary shares of RM0.50 each ---|			
	Balance at 1.8.15	**Bought**	**Sold**	**Balance at 31.7.16**
The Company				
Direct interest:				
Yeoh Yeow Cheang	605,900	-	-	605,900
Saffie Bin Bakar	250,000	-	-	250,000
Deemed interest:				
Goh Kok Beng	40,000,000	-	(10,000,000)	30,000,000

By virtue of his interests in the shares of the Company, **Mr. Goh Kok Beng** is also deemed interested in the shares of all the subsidiaries, to the extent that the Company has interests.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts, and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, and

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and

(iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and

(iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, and

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

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SIGNIFICANT EVENT

Details of significant event are disclosed in Note 32 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event are disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors:

....	....
Goh Kok Beng	**Yeoh Yeow Cheang**

Penang,

Date: 18 November 2016

GRANT THORNTON FOR IDENTIFICATION PURPOSES ONLY AF: 0042

YEN GLOBAL BERHAD
Company No. 570396-D
(Incorporated in Malaysia)

DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 13 to 75 are properly 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 Group and of the Company as at **31 July 2016** and of their financial performance and cash flows for the financial year then ended.

In the opinion of the directors, the supplementary information set out on page 76 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors:

....	....
Goh Kok Beng	**Yeoh Yeow Cheang**

Date: 18 November 2016

STATUTORY DECLARATION

I, **Yeoh Yeow Cheang**, the officer primarily responsible for the financial management of **Yen Global Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 13 to 75 and the supplementary information set out on page 76 are to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by)
the abovenamed at Penang, this 18th)
day of **November 2016**.)

....
Yeoh Yeow Cheang

Before me,

PESURUHJAYA SUMPAH
No: P 125
Nama: GOH SUAN BEE
MALAYSIA

....
Commissioner for Oaths

20 Lebuh King
10200 Pulau Pinang

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YEN GLOBAL BERHAD

Company No. 570396-D

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of **Yen Global Berhad**, which comprise the statements of financial position as at **31 July 2016** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 13 to 75.

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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the 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.

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Chartered Accountants
Member of Grant Thornton International Ltd

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Independent Auditors' Report To The Members Of Yen Global Berhad (cont'd)
Company No. 570396-D
(Incorporated in Malaysia)

We believe that the audit evidence 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 at **31 July 2016** and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act,

(b) We have considered the accounts of the subsidiary of which we have not acted as auditors, which are indicated in Note 6 to the financial statements,

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and

(d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

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Independent Auditors' Report To The Members Of Yen Global Berhad (cont'd)
Company No. 570396-D
(Incorporated in Malaysia)

Other Reporting Responsibilities

The supplementary information set out on page 76 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.

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.

Grant Thornton
No. AF: 0042
Chartered Accountants

John Lau Tiang Hua, DJN
No. 1107/03/18 (J)
Chartered Accountant

Date: 18 November 2016

Penang

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Chartered Accountants
Member of Grant Thornton International Ltd

YEN GLOBAL BERHAD
Company No. 570396-D
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

		GROUP		COMPANY	
		2016	2015	**2016**	2015
	NOTE	**RM**	RM	**RM**	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	**17,940,666**	21,674,553	-	-
Investment property	5	**115,200**	118,800	-	-
Investment in subsidiaries	6	-	-	**17,351,877**	20,288,405
Intangible assets	7	**244,666**	475,077	-	-
		18,300,532	22,268,430	**17,351,877**	20,288,405
Current assets					
Inventories	8	**15,836,630**	29,667,518	-	-
Trade receivables	9	**11,774,290**	9,899,575	-	-
Other receivables, deposits and prepayments	10	**937,849**	1,137,875	**6,000**	126,000
Amount due from subsidiaries	11	-	-	**21,619,654**	12,830,252
Current tax assets		**93,775**	321,036	-	-
Cash and bank balances	12	**8,655,033**	2,210,349	-	-
		37,297,577	43,236,353	**21,625,654**	12,956,252
Assets classified as held for sale	13	**2,774,128**	-	-	-
		40,071,705	43,236,353	**21,625,654**	12,956,252
TOTAL ASSETS		**58,372,237**	65,504,783	**38,977,531**	33,244,657
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	**68,750,000**	62,500,000	**68,750,000**	62,500,000
Share premium		**238,528**	21,145	**238,528**	21,145
Treasury shares	15	-	(111,724)	-	(111,724)
Accumulated losses		**(43,110,620)**	(28,832,462)	**(44,912,663)**	(39,086,575)
Total equity		**25,877,908**	33,576,959	**24,075,865**	23,322,846
Non-current liabilities					
Borrowings	16	**139,567**	-	-	-
Deferred tax liabilities	17	**2,919,111**	3,349,762	-	-
		3,058,678	3,349,762	-	-
Current liabilities					
Trade payables	18	**14,025,117**	15,857,577	-	-
Other payables and accruals	19	**5,221,662**	2,897,863	**1,855,155**	640,213
Amount due to subsidiaries	11	-	-	**9,577,933**	5,229,976
Borrowings	16	**9,864,011**	9,822,622	**3,468,578**	4,051,622
Current tax liabilities		**541**	-	-	-
		29,111,331	28,578,062	**14,901,666**	9,921,811
Liabilities classified as held for sale	13	**324,320**	-	-	-
		29,435,651	28,578,062	**14,901,666**	9,921,811
Total liabilities		**32,494,329**	31,927,824	**14,901,666**	9,921,811
TOTAL EQUITY AND LIABILITIES		**58,372,237**	65,504,783	**38,977,531**	33,244,657

The notes set out on pages 20 to 75 form an integral part of these financial statements.

GRANT THORNTON
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YEN GLOBAL BERHAD
Company No. 570396-D
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

	NOTE	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
Revenue	20	**36,970,026**	34,694,816	**-**	-
Cost of sales		**(36,842,452)**	(24,023,813)	**-**	-
Gross profit		**127,574**	10,671,003	**-**	-
Other income	21	**1,685,513**	4,193,539	**2,297**	299,999
Administrative expenses		**(9,206,866)**	(10,385,981)	**(691,857)**	(527,671)
Impairment losses and write-offs	22	**(592,586)**	(1,850,810)	**(5,136,528)**	(13,039,254)
Selling and distribution expenses		**(5,807,624)**	(6,765,450)	**-**	-
Operating loss		**(13,793,989)**	(4,137,699)	**(5,826,088)**	(13,266,926)
Finance costs		**(588,668)**	(645,348)	**-**	-
Loss before tax	23	**(14,382,657)**	(4,783,047)	**(5,826,088)**	(13,266,926)
Tax income	24	**104,499**	139,679	**-**	48,076
Loss for the financial year		**(14,278,158)**	(4,643,368)	**(5,826,088)**	(13,218,850)
Other comprehensive loss, net of tax					
Item that will be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation		**-**	(2,924)	**-**	-
Total comprehensive loss for the financial year		**(14,278,158)**	(4,646,292)	**(5,826,088)**	(13,218,850)
(Loss)/Profit attributable to:					
Owners of the Company		**(14,278,158)**	(9,981,117)	**(5,826,088)**	(13,218,850)
Non-controlling interests		**-**	5,337,749	**-**	-
		(14,278,158)	(4,643,368)	**(5,826,088)**	(13,218,850)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		**(14,278,158)**	(10,033,493)	**(5,826,088)**	(13,218,850)
Non-controlling interests		**-**	5,387,201	**-**	-
		(14,278,158)	(4,646,292)	**(5,826,088)**	(13,218,850)
Basic/Diluted loss per share (sen)	25	**(11.28)**	(8.00)		

The notes set out on pages 20 to 75 form an integral part of these financial statements.

GRANT THORNTON FOR IDENTIFICATION PURPOSES ONLY AF: 0042

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 JULY 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON *(CONT'D)*

YEN GLOBAL BERHAD
Company No. 570396-D
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

	NOTE	Share Capital RM	Share Premium RM	Treasury Shares RM	Exchange Translation Reserve RM	Accumulated Losses RM	Total RM	Non-controlling interests RM	Total Equity RM
		Attributable to Owners of the Company	Non-distributable						
2016									
Balance at beginning		62,500,000	21,145	(111,724)	-	(28,832,462)	33,576,959	-	33,576,959
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-		(14,278,158)	(14,278,158)	-	(14,278,158)
Transactions with owners:									
Issuance of shares pursuant to private placement	14	6,250,000	250,000	-	-	-	6,500,000	-	6,500,000
Payment of private placement expenses		-	(68,725)	-	-	-	(68,725)	-	(68,725)
Sale of treasury shares	15	-	36,108	111,724	-	-	147,832	-	147,832
Total transactions with owners		6,250,000	217,383	111,724	-	-	6,579,107	-	6,579,107
Balance at end		68,750,000	238,528	-	-	(43,110,620)	25,877,908	-	25,877,908
2015									
Balance at beginning		62,500,000	21,145	(111,724)	52,376	(18,851,345)	43,610,452	(4,677,926)	38,932,526
Net gain/(loss) on foreign exchange differences:									
- current year translation		-	-	-	(1,404)	-	(1,404)	(1,520)	(2,924)
- realisation upon disposal of subsidiaries		-	-	-	(50,972)	-	(50,972)	50,972	-
Other comprehensive loss for the financial year		-	-	-	(52,376)	-	(52,376)	49,452	(2,924)
Loss for the financial year		-	-	-	-	(9,981,117)	(9,981,117)	5,337,749	(4,643,368)
Total comprehensive loss for the financial year		-	-	-	(52,376)	(9,981,117)	(10,033,493)	5,387,201	(4,646,292)
Disposal of equity interest in a subsidiary		-	-	-	-	-	-	(709,275)	(709,275)
Balance at end		62,500,000	21,145	(111,724)	-	(28,832,462)	33,576,959	-	33,576,959

The notes set out on pages 20 to 75 form an integral part of these financial statements.

GRANT THORNTON FOR IDENTIFICATION PURPOSES ONLY AF:0042

YEN GLOBAL BERHAD
Company No. 570396-D
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

	NOTE	Share Capital RM	|---- Non-distributable ----| Share Premium RM	Treasury Shares RM	Accumulated Losses RM	Total Equity RM
2016						
Balance at beginning		**62,500,000**	**21,145**	**(111,724)**	**(39,086,575)**	**23,322,846**
Loss for the financial year, representing total comprehensive loss for the financial year		**-**	**-**	**-**	**(5,826,088)**	**(5,826,088)**
Transactions with owners:						
Issuance of shares pursuant to private placement	**14**	**6,250,000**	**250,000**	**-**	**-**	**6,500,000**
Payment of private placement expenses		**-**	**(68,725)**	**-**	**-**	**(68,725)**
Sale of treasury shares	**15**	**-**	**36,108**	**111,724**	**-**	**147,832**
Total transactions with owners		**6,250,000**	**217,383**	**111,724**	**-**	**6,579,107**
Balance at end		**68,750,000**	**238,528**	**-**	**(44,912,663)**	**24,075,865**
2015						
Balance at beginning		62,500,000	21,145	(111,724)	(25,867,725)	36,541,696
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(13,218,850)	(13,218,850)
Balance at end		62,500,000	21,145	(111,724)	(39,086,575)	23,322,846

The notes set out on pages 20 to 75 form an integral part of these financial statements.

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FOR IDENTIFICATION PURPOSES ONLY
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YEN GLOBAL BERHAD
Company No. 570396-D
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	RM	RM	**RM**	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	**(14,382,657)**	(4,783,047)	**(5,826,088)**	(13,266,926)
Adjustments for:				
Bad debts	**-**	-	**-**	11,909,834
Deposit forfeited	**-**	1,745,350	**-**	-
Depreciation	**1,168,358**	1,371,257	**-**	-
Gain on disposal of investment in a subsidiary	**-**	(2,335,584)	**-**	(299,999)
Gain on disposal of property, plant and equipment	**(27,500)**	(381,562)	**-**	-
Impairment loss on intangible assets	**475,077**	-	**-**	-
Impairment loss on investment in subsidiaries	**-**	-	**5,136,528**	1,187,998
Impairment loss on receivables	**-**	157,949	**-**	-
Interest expense	**588,668**	645,348	**-**	-
Interest income	**(2,927)**	(2,297)	**(2,297)**	-
Inventories written off	**8,293,605**	26,741	**-**	-
Investment in subsidiaries written off	**-**	-	**-**	3
Property, plant and equipment written off	**136,900**	13,896	**-**	-
Reversal of impairment loss on amount due from subsidiaries	**-**	-	**-**	(58,581)
Reversal of impairment loss on receivables	**(19,391)**	(66,385)	**-**	-
Unrealised loss on foreign exchange	**13,932**	-	**-**	-
Operating loss before working capital changes	**(3,755,935)**	(3,608,334)	**(691,857)**	(527,671)
Decrease in inventories	**5,537,283**	9,185,576	**-**	-
(Increase)/Decrease in receivables	**(1,396,802)**	(175,170)	**120,000**	(125,000)
Increase/(Decrease) in payables	**413,540**	(1,072,103)	**1,214,942**	189,223
Cash from/(used in) operations	**798,086**	4,329,969	**643,085**	(463,448)
Income tax paid	**(28,253)**	(316,555)	**-**	-
Income tax refunded	**243,930**	584,680	**-**	48,076
Interest paid	**(588,668)**	(645,348)	**-**	-
Net cash from/(used in) operating activities carried forward	**425,095**	3,952,746	**643,085**	(415,372)

The notes set out on pages 20 to 75 form an integral part of these financial statements.

GRANT THORNTON FOR IDENTIFICATION PURPOSES ONLY AF: 0042

YEN GLOBAL BERHAD
Company No. 570396-D
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	RM	RM	**RM**	RM
Net cash from/(used in) operating activities brought forward	**425,095**	3,952,746	**643,085**	(415,372)
CASH FLOWS FROM INVESTING ACTIVITIES				
(i) Cash flows from disposal of investment in a subsidiary	**-**	238,799	**-**	-
(ii) Cash flows from acquisition of a subsidiary	**(100,000)**	-	**-**	-
Development cost	**(114,890)**	-	**-**	-
Interest received	**2,927**	2,297	**2,297**	-
Proceeds from disposal of property, plant and equipment	**27,500**	381,562	**-**	-
Proceeds from disposal of investment in a subsidiary	**-**	-	**-**	300,000
Purchase of investment in subsidiaries	**-**	-	**(2,200,000)**	-
(iii) Purchase of property, plant and equipment	**(158,377)**	(711,211)	**-**	-
Net cash (used in)/from investing activities	**(342,840)**	(88,553)	**(2,197,703)**	300,000
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown/(Repayment) of bankers acceptance	**594,000**	(3,694,000)	**-**	-
Net change in subsidiaries' balances	**-**	-	**(4,441,445)**	418,172
Payment of private placement expenses	**(68,725)**	-	**(68,725)**	-
Proceeds from sale of treasury shares	**147,832**	-	**147,832**	-
Proceeds from private placement	**6,500,000**	-	**6,500,000**	-
Repayment of finance lease liabilities	**-**	(83,181)	**-**	-
Repayment of factoring liabilities	**-**	(46,313)	**-**	-
Net cash from/(used in) financing activities	**7,173,107**	(3,823,494)	**2,137,662**	418,172
NET INCREASE IN CASH AND CASH EQUIVALENTS	**7,255,362**	40,699	**583,044**	302,800
Effects of changes in exchange rate on cash and cash equivalents	**(219,112)**	403	**-**	-
Cash and cash equivalents included in assets held for sale	**(8,522)**	-	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING	**(1,841,273)**	(1,882,375)	**(4,051,622)**	(4,354,422)
CASH AND CASH EQUIVALENTS AT END	**5,186,455**	(1,841,273)	**(3,468,578)**	(4,051,622)

The notes set out on pages 20 to 75 form an integral part of these financial statements.

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YEN GLOBAL BERHAD
Company No. 570396-D
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	RM	RM	**RM**	RM
Represented by:				
Cash and bank balances	**8,655,033**	2,210,349	-	-
Bank overdraft	**(3,468,578)**	(4,051,622)	**(3,468,578)**	(4,051,622)
	5,186,455	(1,841,273)	**(3,468,578)**	(4,051,622)
(i) Cash flows from disposal of investment in a subsidiary				
Property, plant and equipment	-	109,292	-	-
Inventories	-	106,313	-	-
Receivables	-	278,558	-	-
Cash and cash equivalents	-	61,201	-	-
Payables	-	(1,881,673)	-	-
Share of net liabilities disposed	-	(1,326,309)	-	-
Non-controlling interests	-	(709,275)	-	-
Gain on disposal of investment in a subsidiary	-	2,335,584	-	-
Total disposal consideration	-	300,000	-	-
Less: Cash and cash equivalents	-	(61,201)	-	-
Net cash inflow	-	238,799	-	-
(ii) Cash flows from acquisition of a subsidiary				
Payables, representing share of net liabilities acquired	**(29,776)**	-	-	-
Add: Goodwill	**129,776**	-	-	-
Total purchase consideration/Net cash outflow	**100,000**	-	-	-
(iii) Purchase of property, plant and equipment				
Total acquisition	**328,377**	711,211	-	-
Acquired under finance lease	**(170,000)**	-	-	-
Total cash acquisition	**158,377**	711,211	-	-

The notes set out on pages 20 to 75 form an integral part of these financial statements.

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YEN GLOBAL BERHAD
Company No. 570396-D
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 JULY 2016

1. CORPORATE INFORMATION

General

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at Lot 9233, Hala Kampung Jawa 1, Kawasan Perindustrian Bayan Lepas (Fasa 3), 11900 Bayan Lepas, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 November 2016.

Principal Activities

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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2.2 Basis of Measurement

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

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2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency.

2.4 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Effective for annual periods beginning on or after 1 January 2016
MFRS 14 Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101 Disclosure Initiative
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants
Amendments to MFRS 127 Equity Method in Separate Financial Statements
Annual Improvements to MFRS 2012–2014 Cycle

Effective for annual periods beginning on or after 1 January 2017
Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiatives
Amendments to MFRS 112 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

Effective for annual periods beginning on or after 1 January 2018
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures

Effective for annual periods beginning on or after 1 January 2019
MFRS 16 Leases

Effective date yet to be confirmed
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption except as mentioned below:

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MFRS 9 Financial Instruments

MFRS 9 replaces *MFRS 139 Financial Instruments: Recognition and Measurement* and all previous version of *MFRS 9*. This new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of *MFRS 9*, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of *MFRS 9*, financial assets will be measured at either fair value or amortised cost. It is also expected that the Group's investment in unquoted shares, if any, will be measured at fair value through other comprehensive income.

The adoption of *MFRS 9* will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting *MFRS 9*.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in *MFRS 111 Construction Contracts*, *MFRS 118 Revenue*, *IC Int 13 Customer Loyalty Programmes*, *IC Int 15 Agreements for Construction of Real Estate*, *IC Int 18 Transfers of Assets from Customers* and *IC Int 131 Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of *MFRS 15*, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of *MFRS 15* will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting *MFRS 15*.

MFRS 16 Leases

The scope of *MFRS 16* includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under *MFRS 117*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (e.g., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (e.g., the lease liability) and an asset representing the right to use the underlying asset during the lease term (e.g., the right-of-use asset).

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Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under *MFRS 117*. Lessors will continue to classify all leases using the same classification principle in *MFRS 117* and distinguish between two types of leases: operating and finance leases.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2019 with early adoption permitted. The Group and the Company are currently assessing the financial impact of adopting *MFRS 16*.

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiatives

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

2.5 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.5.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

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2.5.2 Key sources of estimation uncertainty

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

(i) **Useful lives of depreciable assets**

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the plant and equipment to be 5 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and equipment. Therefore, future depreciation charges could be revised.

(ii) **Impairment of plant and equipment**

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

(iii) **Impairment of intangible assets**

The Group determines whether goodwill and trade mark are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which goodwill and trade mark are allocated. Estimating the value-in-use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iv) **Inventories**

The management reviews for slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

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(v) **Impairment of loans and receivables**

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

3.1 Basis of Consolidation

(i) **Subsidiaries**

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

Upon disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

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(ii) **Business combination**

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree either at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) **Acquisitions of non-controlling interests**

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserve.

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(iv) **Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for sale financial asset depending on the level of influence retained.

(v) **Non-controlling interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements.

3.2 **Property, Plant and Equipment**

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

Property, plant and equipment are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Leasehold land	Amortised over lease periods
Buildings	2% - 20%
Machinery and factory equipment	10%
Renovation	2%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	20%

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

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

3.3 Leases

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

Finance lease

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

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

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

Operating leases

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

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

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

3.4 Investment Property

Investment property is a property which is held to earn rental income, or for capital appreciation or for both. Such property is measured initially at cost. Initial cost comprises purchase price and any directly attributable expenditure for a purchased investment property. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold shoplot is depreciated on the straight-line method to write off the cost to its residual value over its estimated useful life at 2% per annum.

Investment property is derecognised when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year in which it arises.

3.5 Intangible Assets

Trade marks

Trade marks are measured initially at cost. Subsequent to initial recognition, trade marks with definite life are stated at cost less accumulated amortisation and impairment losses while trade marks with indefinite life are stated at cost less impairment losses. Trade marks with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of a trade mark with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Research and development costs

All research costs are immediately recognised in profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised as development costs and deferred only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are recognised in profit or loss as incurred.

Capitalised development costs comprise direct attributable costs incurred for development. Capitalised development costs, considered to have finite useful lives, are stated at cost less accumulated amortisation and any accumulated impairment losses. Development costs are amortised using the straight-line basis over the commercial lives of the underlying products from the date the products are commercialised. Development costs is amortised over the estimated average life of 5 years.

The amortisation period and method are reviewed at the end of each reporting period to ensure that the expected useful lives of the assets are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of intangible assets.

3.6 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (except for inventories and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that has indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset of CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment loss recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (groups of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

3.7 Financial Instruments

3.7.1 Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

3.7.2 Financial instrument categories and subsequent measurement

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

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

All financial assets are subject to review for impairment.

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Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Financial liabilities are classified as current liabilities, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

3.7.3 **Offsetting of financial instrument**

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

3.7.4 **Derecognition**

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

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

3.8 **Impairment of Financial Assets**

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) is assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

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An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

3.9 Inventories

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

Cost of raw materials and trading goods is determined on the weighted average basis and comprises the original cost of purchases plus the cost of bringing the inventories to their present location and condition.

Cost of work-in-progress and finished goods includes materials, direct labour and attributable production overheads and is determined on the weighted average basis.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.10 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

3.11 Non-current Assets Held for Sale

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

3.12 Provisions

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

3.13 Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and when the revenue can be reliably measured on the following bases:

(i) Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) Royalty income is recognised on an accrual basis in accordance with the relevant agreements.

(iii) Rental income is accounted for on a straight-line basis over the lease terms.

(iv) Interest income is recognised on a time proportion basis using the applicable effective interest method.

3.14 Employee Benefits

Short term benefits

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

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

3.15 Borrowings Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3.16 Income Tax

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

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

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

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

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

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

3.17 Goods and Services Tax

Goods and Services Tax ("GST") is a consumption tax based on the value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input tax that a company pays on business purchases is offset against output tax.

Revenue, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with GST inclusive.

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

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3.18 Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income.

3.19 Share Capital, Share Issuance Expenses and Dividends

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

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

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared.

Share premium includes any premiums received upon issuance of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Costs directly attributable to the issuance of instruments classified as equity are recognised as a deduction from equity.

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3.20 Treasury Shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

3.21 Segment Reporting

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

3.22 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

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

  (i) Has control or joint control over the Group;
  (ii) Has significant influence over the Group; or
  (iii) Is a member of the key management personnel of the Group,

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

  (i) The entity and the Group are members of the same group.
  (ii) The entity is an associate or joint venture of the other entity.
  (iii) Both entities are joint ventures of the same third party.
  (iv) The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.

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(vi) The entity is controlled or jointly-controlled by a person identified in (a) above.

(vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the entity.

(viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group.

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land RM	Buildings RM	Machinery and factory equipment RM	Renovation RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
GROUP							
2016							
At cost							
Balance at beginning	7,317,084	14,235,000	2,925,899	1,867,584	8,452,162	638,088	35,435,817
Additions	-	-	-	27,373	53,116	247,888	328,377
Disposals	-	-	-	-	(699)	(138,492)	(139,191)
Written off	-	-	-	(207,936)	(688)	-	(208,624)
Transfer to assets held for sale	(1,876,000)	(924,000)	-	(193,452)	(2,400)	-	(2,995,852)
Balance at end	5,441,084	13,311,000	2,925,899	1,493,569	8,501,491	747,484	32,420,527
Accumulated depreciation							
Balance at beginning	671,772	1,145,238	2,905,909	803,071	7,627,684	607,590	13,761,264
Current charge	167,943	284,700	7,604	282,797	399,634	22,080	1,164,758
Disposals	-	-	-	-	(536)	(138,492)	(139,028)
Written off	-	-	-	(71,497)	(390)	-	(71,887)
Transfer to assets held for sale	(110,355)	(92,400)	-	(31,371)	(1,120)	-	(235,246)
Balance at end	729,360	1,337,538	2,913,513	983,000	8,025,272	491,178	14,479,861
Carrying amount	4,711,724	11,973,462	12,386	510,569	476,219	256,306	17,940,666
2015							
At cost							
Balance at beginning	7,317,084	14,249,639	2,953,899	1,592,950	8,373,570	2,890,465	37,377,607
Additions	-	-	-	274,634	436,577	-	711,211
Disposals	-	-	(14,500)	-	(398)	(2,252,377)	(2,267,275)
Written off	-	-	(13,500)	-	(56,460)	-	(69,960)
Disposal of a subsidiary	-	(14,639)	-	-	(301,127)	-	(315,766)
Balance at end	7,317,084	14,235,000	2,925,899	1,867,584	8,452,162	638,088	35,435,817
Accumulated depreciation							
Balance at beginning	503,829	870,297	2,919,995	517,560	7,347,400	2,764,339	14,923,420
Current charge	167,943	285,920	13,914	285,511	518,741	95,628	1,367,657
Disposals	-	-	(14,500)	-	(398)	(2,252,377)	(2,267,275)
Written off	-	-	(13,500)	-	(42,564)	-	(56,064)
Disposal of a subsidiary	-	(10,979)	-	-	(195,495)	-	(206,474)
Balance at end	671,772	1,145,238	2,905,909	803,071	7,627,684	607,590	13,761,264
Carrying amount	6,645,312	13,089,762	19,990	1,064,513	824,478	30,498	21,674,553

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(i) Motor vehicle with carrying amount of **RM243,757** (2015: RM Nil) is acquired under finance lease and is pledged as security for the related finance lease liabilities (Note 16).

(ii) The carrying amounts of property, plant and equipment charged to a licensed bank as security for banking facilities granted to the Group and to the Company are as follows:

	2016 RM	2015 RM
Leasehold land	**4,711,724**	4,857,596
Buildings	**11,973,462**	12,239,682
	16,685,186	17,097,278

5. INVESTMENT PROPERTY

GROUP

	Freehold shoplot	
	2016 RM	2015 RM
At cost	**180,000**	180,000
Accumulated depreciation		
Balance at beginning	**61,200**	57,600
Current charge	**3,600**	3,600
Balance at end	**(64,800)**	(61,200)
Carrying amount	**115,200**	118,800

(i) The above investment property is held to earn rental income.

(ii) The amounts recognised in profit or loss is as follows:

	2016 RM	2015 RM
Rental income from investment property	**10,800**	10,800
Direct operating expenses arising from rental generating investment property, including depreciation	**4,124**	3,926

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(iii) For fair value measurement of the freehold shoplot, refer Note 30.2 to the financial statements.

6. INVESTMENT IN SUBSIDIARIES

	COMPANY 2016 RM	COMPANY 2015 RM
Unquoted shares, at cost	**62,361,470**	60,161,470
Less: Accumulated impairment loss		
Balance at beginning	**(39,873,065)**	(39,933,702)
Current year	**(5,136,528)**	(1,187,998)
Written off	**-**	1,248,635
Balance at end	**(45,009,593)**	(39,873,065)
	17,351,877	20,288,405

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Company	Effective Equity Interest 2016	Effective Equity Interest 2015	Principal Activities
Direct:			
Edwin Jeans (M) Sdn. Bhd.	**100%**	-	Marketing, distributing and retailing of jeanswear and other fahion apparels.
G.A. Blue Corporation Sdn. Bhd.	**100%**	100%	Manufacturing and marketing of jeanswear and its related products.
Uni Jeans Care Sdn. Bhd.	**100%**	100%	Provision of services relating to specialised treatment and finishing process of jeanswear.
# Twin Access Sdn. Bhd.	**100%**	100%	Marketing, distributing and retailing of jeanswear and other fashion apparels.
Evatech Sdn. Bhd.	**100%**	100%	Manufacturing and selling of garments and apparels.
Yen Retailing (M) Sdn. Bhd.	**100%**	100%	Distributing and retailing of jeanswear, footwear and other accessories.

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Name of Company	Effective Equity Interest 2016	2015	Principal Activities
Direct:			
Mustang Jeans (M) Sdn. Bhd.	**100%**	100%	Marketing of jeanswear and its related products.
Delison Sdn. Bhd.	**100%**	100%	Inactive.
Lensan Sdn. Bhd.	**100%**	100%	Inactive.
Sebico Jaya Trading Co. Sdn. Bhd.	**100%**	100%	Retailing of ready-made clothing handbags and personal effects.
* Atilze Digital Sdn. Bhd. (formerly known as VLT Wholesale Sdn. Bhd.)	**100%**	-	Supplier of telecommunication solutions, services and products.
Indirect - held through Evatech Sdn. Bhd.			
Yen Denim (M) Sdn. Bhd.	**100%**	100%	Inactive.
Edwin Jeans (M) Sdn. Bhd.	-	100%	Marketing, distributing and retailing of jeanswear and other fahion apparels.

The assets and liabilities of this subsidiary have been classified as held for sale, details of which can be found in Note 13.

* Not audited by Grant Thornton.

During the financial year, the management has carried out a review of the recoverable amounts of its investment in subsidiaries and led to the recognition of impairment losses of **RM5,136,528** (2015: RM1,187,998) as the recoverable amounts estimated were less than their carrying amounts.

2016

(i) On 31 December 2015, the Company entered into a share sale agreement with third parties for the acquisition of the entire equity interest in Atilze Digital Sdn. Bhd. (formerly known as VLT Wholesale Sdn. Bhd.) ("Atilze"), comprising 100 ordinary shares of RM1 each in Atilze, for a total cash consideration of RM100,000.

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The financial effects arising from the acquisition of Atilze on the financial statements of the Group for the financial year under review have not been disclosed as the directors deemed it to be insignificant.

(ii) On 13 May 2016, the Company has undertaken a group reorganisation by entering into a share sale agreement with its wholly-owned subsidiary, Evatech Sdn. Bhd. ("Evatech"), to acquire the entire issued and paid-up share capital in Edwin Jeans (M) Sdn. Bhd., a wholly-owned subsidiary of Evatech, for a total consideration of RM2,100,000. The reorganisation does not have any effect on the Group's financial statements.

7. INTANGIBLE ASSETS

	Trade marks RM	Goodwill RM	Development cost RM	Total RM
GROUP				
2016				
At cost				
Balance at beginning	**2,235,149**	**-**	**-**	**2,235,149**
Acquisition through business combination	**-**	**129,776**	**-**	**129,776**
Additions	**-**	**-**	**114,890**	**114,890**
Balance at end	**2,235,149**	**129,776**	**114,890**	**2,479,815**
Accumulated impairment loss				
Balance at beginning	**1,760,072**	**-**	**-**	**1,760,072**
Current year	**475,077**	**-**	**-**	**475,077**
Balance at end	**2,235,149**	**-**	**-**	**2,235,149**
Carrying amount	**-**	**129,776**	**114,890**	**244,666**
2015				
At cost				
Balance at beginning	2,235,149	2,697,831	-	4,932,980
Written off	-	(2,697,831)	-	(2,697,831)
At cost	2,235,149	-	-	2,235,149
Accumulated impairment loss	1,760,072	-	-	1,760,072
Carrying amount	475,077	-	-	475,077

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Impairment test on intangible assets

For the purpose of impairment testing, the trade marks and goodwill have been allocated to the Group's operating divisions which represent the lowest cash-generating unit ("CGU") level within the Group at which these intangible assets are monitored for internal management purposes.

The trade marks have been allocated to the apparel business segment while the goodwill has been allocated to Atilze Digital Sdn. Bhd., the newly acquired subsidiary under the new business segment – information and communications technology ("ICT").

For annual impairment testing purposes, the recoverable amounts of the CGUs are determined based on their value-in-use, which apply a discounted cash flow model using cash flow projections based on the approved financial budget and projections.

The key assumptions on which the management has based on for the computation of value-in-use are as follows:

(i) Cash flow projections and growth rate

The five-year cash flow projections are based on the most recent budget approved by the management and extrapolated using a steady growth rate for the subsequent years.

(ii) Pre-tax discount rate

The pre-tax discount rate of **7.00%** (2015: 6.85%) is applied to the cash flow projections, which is based on the weighted average cost of capital of the Group adjusted to reflect the specific risks relating to the relevant business segments.

The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of each unit. Based on the above review, there is no evidence of impairment on the Group's goodwill.

During the financial year under review, the management had reassessed the recoverable amount of the remaining trade mark and resulted in an impairment loss of **RM475,077** as the recoverable amount estimated was less than its carrying amount. The recoverable amount was based on the value-in-use of the CGU.

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8. INVENTORIES

	GROUP	
	2016	2015
	RM	RM
Raw materials	**1,717,281**	1,719,130
Work-in-progress	**76,216**	25,580
Trading goods	**14,043,133**	27,922,808
	15,836,630	29,667,518
Recognised in profit or loss:		
Inventories recognised as cost of sales	**15,934,867**	21,383,187
Inventories written off	**8,293,605**	26,741

9. TRADE RECEIVABLES

	GROUP	
	2016	2015
	RM	RM
Total amount	**12,229,059**	12,680,865
Less: Allowance for impairment		
Balance at beginning	**(2,781,290)**	(2,910,979)
Current year	**-**	(157,949)
Reversal due to recovered	**19,391**	66,385
Written off	**2,307,130**	-
Deconsolidation	**-**	221,253
Balance at end	**(454,769)**	(2,781,290)
	11,774,290	9,899,575

The currency profile of trade receivables is as follows:

	GROUP	
	2016	2015
	RM	RM
Ringgit Malaysia	**9,847,772**	9,899,575
USD	**1,926,518**	-
	11,774,290	9,899,575

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The trade receivables are non-interest bearing and are generally on **60 to 180 days** (2015: 60 to 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	RM	RM	**RM**	RM
Other receivables	**177,294**	573,237	-	120,000
Less:				
Allowance for impairment				
Balance at beginning	**(329,795)**	(329,795)	-	-
Written off	**329,795**	-	-	-
Balance at end	-	(329,795)	-	-
	177,294	243,442	-	120,000
Refundable deposits	**750,667**	882,985	**6,000**	6,000
Prepayments	**9,888**	11,448	-	-
	937,849	1,137,875	**6,000**	126,000

11. AMOUNT DUE FROM/TO SUBSIDIARIES

	COMPANY	
	2016	2015
	RM	RM
Amount due from:		
Gross amount	**21,864,248**	13,074,846
Less: Allowance for impairment		
Balance at beginning	**(244,594)**	(12,111,975)
Reversal due to recovered	-	58,581
Written off	-	11,808,800
Balance at end	**(244,594)**	(244,594)
	21,619,654	12,830,252
Amount due to	**9,577,933**	5,229,976

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The amount due from/to subsidiaries is non-trade related, unsecured, non-interest bearing and is repayable on demand.

12. CASH AND BANK BALANCES

The currency profile of cash and bank balances is as follows:

	GROUP	
	2016	2015
	RM	RM
Ringgit Malaysia	**6,982,297**	2,210,349
US Dollar	**1,672,736**	-
	8,655,033	2,210,349

13. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 28 June 2016, the Company entered into a conditional shares sale agreement with third parties to dispose of the entire equity interest in a wholly-owned subsidiary, Twin Access Sdn. Bhd., for a total cash consideration of RM3,408,000. As at the date of this report, the disposal is not yet completed pending the fulfilment of certain conditions precedent. As such, the assets and liabilities of this subsidiary have been classified as held for sale as at the end of the reporting period as summarised below:

	GROUP
	2016
	RM
Assets classified as held for sale:	
Property, plant and equipment (Note 4)	**2,760,606**
Sundry deposits	**5,000**
Cash and bank balances	**8,522**
	2,774,128
Liabilities classified as held for sale:	
Other payables and accruals	**10,293**
Current tax liabilities	**12,174**
Deferred tax liabilities (Note 17)	**301,853**
	324,320

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The carrying amount of property, plant and equipment is the same as its carrying amount before it was being reclassified to current asset.

The property, plant and equipment held for sale comprise the following:

	Leasehold land RM	Building RM	Renovation RM	Furniture, fittings and office equipment RM	Total RM
Cost					
Transfer from property, plant and equipment	1,876,000	924,000	193,452	2,400	2,995,852
Accumulated depreciation					
Transfer from property, plant and equipment	(110,355)	(92,400)	(31,371)	(1,120)	(235,246)
	1,765,645	831,600	162,081	1,280	2,760,606

14. SHARE CAPITAL

	Number of ordinary shares of RM0.50 each 2016	2015	Amount 2016 RM	2015 RM
Authorised:	**200,000,000**	200,000,000	**100,000,000**	100,000,000
Issued and fully paid:				
Balance at beginning	**125,000,000**	125,000,000	**62,500,000**	62,500,000
Allotment, at par pursuant to private placement	**12,500,000**	-	**6,250,000**	-
Balance at end	**137,500,000**	125,000,000	**68,750,000**	62,500,000

During the financial year, the Company increased its issued and paid-up capital from RM62,500,000 to RM68,750,000 by way of allotment of 12,500,000 new ordinary shares of RM0.50 each at an issue price of RM0.52 per share pursuant to a private placement. The proceeds were used for working capital. The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

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15. TREASURY SHARES

This amount represents the acquisition cost of treasury shares.

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 12 January 2012, approved the Company's plan and mandate to authorise the directors of the Company to buy back its own shares up to 10% of the existing total issued and paid up share capital.

The details of the treasury shares during the financial year are as follows:

	2016 No. of shares	**2016** RM	2015 No. of shares	2015 RM
Balance at beginning	**300,000**	**111,724**	300,000	111,724
Shares sold	**(300,000)**	**(111,724)**	-	-
Balance at end	**-**	**-**	300,000	111,724

The average sales price of the treasury shares in the open market was **RM0.49** (2015: RM Nil) per share.

Details of the treasury shares sold were as follows:

	----- Sale price per share -----			Number of shares sold	Total proceed
	Lowest	**Highest**	**Average**		
Month	**RM**	**RM**	**RM**		**RM**
March 2016	**0.49**	**0.49**	**0.49**	**300,000**	**147,832**

Out of the total **137,500,000** issued and fully paid ordinary shares as at the end of the reporting period, **Nil** (2015: 300,000) are held as treasury shares by the Company.

Treasury shares have no rights to voting, dividends and participation in other distribution.

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16. BORROWINGS

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	RM	RM	**RM**	RM
Non-current liabilities				
Finance lease liabilities				
Minimum payments:				
Within 1 year	**38,544**	-	-	-
Later than 1 year but not later than 2 years	**38,544**	-	-	-
Later than 2 years but not later than 5 years	**115,607**	-	-	-
	192,695	-	-	-
Future finance charges	**(22,695)**	-	-	-
	170,000	-	-	-
Amount due within 1 year under current liabilities	**(30,433)**	-	-	-
	139,567	-	-	-
Current liabilities				
Bank overdraft	**3,468,578**	4,051,622	**3,468,578**	4,051,622
Bankers acceptance	**6,365,000**	5,771,000	-	-
Finance lease liabilities	**30,433**	-	-	-
	9,864,011	9,822,622	**3,468,578**	4,051,622

The finance lease liabilities were secured over the leased assets (Note 4 (i)).

The borrowings (other than finance lease liabilities) are secured by way of:

(i) Debenture incorporating a fixed and floating charge over all the assets of the Company and certain subsidiaries, both present and future,
(ii) Joint corporate guarantee of certain subsidiaries, and
(iii) Pledged of the Group's certain leasehold land and buildings.

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The average effective interest rates per annum of the borrowings are as follows:

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	%	%	**%**	%
Bank overdraft	**8.20**	8.35	**8.20**	8.35
Bankers acceptance	**4.86 to 5.21**	5.03 to 5.10	**-**	-
Finance lease liabilities	**2.67**	-	**-**	-

17. DEFERRED TAX LIABILITIES

	GROUP	
	2016	2015
	RM	RM
Balance at beginning	**3,349,762**	3,441,365
Transfer to profit or loss	**(120,798)**	(80,705)
	3,228,964	3,360,660
Over provision in prior year	**(8,000)**	(10,898)
Balance at end	**3,220,964**	3,349,762

Reflected in the Group's statement of financial position as:		
- Continuing operation	**2,919,111**	3,349,762
- Liabilities classified as held for sale (Note 13)	**301,853**	-
	3,220,964	3,349,762

The Group's deferred tax liabilities/(assets) are represented by temporary differences arising from:

	2016	2015
	RM	RM
Property, plant and equipment	**3,638,964**	3,681,762
Unabsorbed tax losses	**(275,000)**	(244,000)
Unabsorbed capital allowances	**(143,000)**	(88,000)
	3,220,964	3,349,762

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18. TRADE PAYABLES

The currency profile of the trade payables is as follows:

	GROUP	
	2016	2015
	RM	RM
Ringgit Malaysia	**5,136,912**	15,468,501
Chinese Renminbi	**4,825,342**	-
US Dollar	**4,058,681**	375,821
Hong Kong Dollar	**4,182**	-
Thai Baht	-	13,255
	14,025,117	15,857,577

Included herein are the following:

(i) an amount of **RM3,200** (2015: RM3,200) due to a company in which persons connected to a director of the Company have substantial financial interests.

(ii) an amount of **RM3,556,204** (2015: RM Nil) due to a major shareholder of the Company.

The trade payables are non-interest bearing and are normally settled within **30 to 120 days** (2015: 30 to 120 days) credit terms.

19. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	RM	RM	**RM**	RM
Other payables	**2,686,209**	1,951,488	**165,855**	133,593
Deposits	**1,204,634**	103,834	**1,120,800**	-
Accruals	**1,122,545**	842,541	**568,500**	506,620
GST payable	**208,274**	-	-	-
	5,221,662	2,897,863	**1,855,155**	640,213

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Included in other payables and accruals of the Group and of the Company are the following:

(i) a deposit of **RM1,120,800** (2015: RM Nil) received from the purchasers of Twin Access Sdn. Bhd. pursuant to the conditional shares sale agreement as disclosed in Note 13; and

(ii) an amount of **RM161,626** (2015: RM281,368) due to a company in which persons connected to a director of the Company have substantial financial interests. It is unsecured, non-interest bearing and is repayable on demand.

20. REVENUE

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	RM	RM	**RM**	RM
Invoiced value of goods sold less returns and discounts	**36,970,026**	34,694,816	-	-

21. OTHER INCOME

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	RM	RM	**RM**	RM
Gain on disposal of investment in a subsidiary	-	2,335,584	-	299,999
Gain on disposal of property, plant and equipment	**27,500**	381,562	-	-
Interest	**2,927**	2,297	**2,297**	-
Realised gain on foreign exchange	**111,091**	-	-	-
Rental income	**183,456**	183,456	-	-
Royalty	**1,308,918**	1,287,731	-	-
Others	**51,621**	2,909	-	-
	1,685,513	4,193,539	**2,297**	299,999

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22. IMPAIRMENT LOSSES AND WRITE-OFFS

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	RM	RM	**RM**	RM
Bad debts	-	-	-	11,909,834
Deposit forfeited	-	1,745,350	-	-
Impairment loss on intangible assets	**475,077**	-	-	-
Impairment loss on investment in subsidiaries	-	-	**5,136,528**	1,187,998
Impairment loss on receivables	-	157,949	-	-
Investment in subsidiaries written off	-	-	-	3
Property, plant and equipment written off	**136,900**	13,896	-	-
Reversal of impairment loss on amount due from subsidiaries	-	-	-	(58,581)
Reversal of impairment loss on receivables	**(19,391)**	(66,385)	-	-
	592,586	1,850,810	**5,136,528**	13,039,254

23. LOSS BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	RM	RM	**RM**	RM
After charging/(crediting):				
Auditors' remuneration				
- Company's auditors				
- statutory audit	**84,500**	86,500	**19,000**	19,000
- other services	**2,000**	2,000	**2,000**	2,000
- Other auditors				
- statutory audit	**22,000**	48,287	-	-
Depreciation	**1,168,358**	1,371,257	-	-

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	RM	RM	**RM**	RM
Directors' fee for non-executive directors	**72,500**	85,000	**72,500**	85,000
Interest expense on:				
- bank overdraft	**287,928**	355,438	**-**	-
- bankers acceptance	**300,740**	288,310	**-**	-
- finance lease	**-**	1,600	**-**	-
Inventories written off	**8,293,605**	26,741	**-**	-
Realised (gain)/loss on foreign exchange, net	**(66,589)**	13,318	**-**	-
Rental of premises	**2,108,573**	2,460,435	**-**	-
*Staff costs	**9,159,809**	10,150,808	**75,000**	100,000
Unrealised loss on foreign exchange	**13,932**	-	**-**	-

***Staff costs**				
- Salaries, allowances, commission and bonus	**8,209,281**	9,092,509	**-**	-
- EPF	**781,493**	827,836	**-**	-
- SOCSO	**94,035**	130,463	**-**	-
- Directors' fee	**75,000**	100,000	**75,000**	100,000
	9,159,809	10,150,808	**75,000**	100,000

Directors' remuneration

Included in the staff costs of the Group and of the Company is directors' remuneration as shown below:

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	RM	RM	**RM**	RM
Executive directors of the Company:				
Directors' emoluments				
- Salaries, allowances and bonus	**813,000**	1,023,400	**-**	-
- EPF	**84,426**	113,412	**-**	-
Balance carried forward	**897,426**	1,136,812	**-**	-

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	GROUP		COMPANY	
	2016	2015	**2016**	2015
	RM	RM	**RM**	RM
Balance brought forward	**897,426**	1,136,812	-	-
Directors' fee	**75,000**	100,000	**75,000**	100,000
	972,426	1,236,812	**75,000**	100,000
Benefits-in-kind	**6,600**	85,801	-	-
	979,026	1,322,613	**75,000**	100,000
Executive directors of a subsidiary:				
- Salaries and bonus	**364,100**	138,359	-	-
- EPF	**43,692**	-	-	-
	407,792	138,359	-	-
Total executive directors' remuneration	**1,386,818**	1,460,972	**75,000**	100,000

24. TAX INCOME

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	RM	RM	**RM**	RM
Based on results for the financial year:				
- Current tax	**(25,541)**	(40,000)	-	-
- Deferred tax relating to origination and reversal of temporary differences	**120,798**	80,705	-	-
	95,257	40,705	-	-
Over provision in prior year				
- Current tax	**1,242**	88,076	-	48,076
- Deferred tax	**8,000**	10,898	-	-
	9,242	98,974	-	48,076
	104,499	139,679	-	48,076

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The reconciliation of tax income of the Group and of the Company is as follows:

	GROUP		**COMPANY**	
	2016	2015	**2016**	2015
	RM	RM	**RM**	RM
Loss before tax	**(14,382,657)**	(4,783,047)	**(5,826,088)**	(13,266,926)
Income tax at Malaysian statutory tax rate of 24% (2015: 25%)	**3,451,838**	1,195,762	**1,398,261**	3,316,732
Income not subject to tax	**1,834**	143,235	**-**	75,000
Expenses not deductible for tax purposes	**(380,969)**	(205,309)	**(1,398,261)**	(3,391,732)
Utilisation of previously unabsorbed tax losses and capital allowances	**-**	14,651	**-**	-
Movement on deferred tax assets not recognised	**(2,977,446)**	(1,107,634)	**-**	-
	95,257	40,705	**-**	-
Over provision in prior year	**9,242**	98,974	**-**	48,076
	104,499	139,679	**-**	48,076

The Group has not recognised the following deferred tax (assets)/liabilities arising from:

	GROUP	
	2016	2015
	RM	RM
Property, plant and equipment	**92,000**	138,000
Unabsorbed tax losses	**(8,027,000)**	(5,174,000)
Unabsorbed capital allowances	**(467,000)**	(389,000)
	(8,402,000)	(5,425,000)

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The amount and future availability of unabsorbed tax losses and unabsorbed capital allowances for which the related tax effects have not been accounted for at the end of the reporting period is follows:

	GROUP	
	2016	2015
	RM	RM
Unabsorbed tax losses	**34,592,000**	22,576,000
Unabsorbed capital allowances	**2,539,000**	2,019,000

These unabsorbed tax losses and capital allowances are available to be carried forward for set off against future assessable income of the respective subsidiaries. However, deferred tax assets have not been recognised on these temporary differences as the management is unable to determine whether the Group will have chargeable income in the foreseeable future to the extent that the above deductible temporary differences can be utilised in view of the uncertain business environment.

25. LOSS PER SHARE

GROUP

(a) **Basic loss per share**

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year calculated as follows:

	2016	2015
Loss attributable to owners of the Company (RM)	**(14,278,158)**	(9,981,117)
Weighted average number of ordinary shares of RM0.50 each	**126,574,795**	124,700,000
Basic loss per share (sen)	**(11.28)**	(8.00)

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	2016	2015
(b) **Diluted loss per share**		
Diluted loss per share (sen)	**(11.28)**	(8.00)

There is no diluted loss per share as the Company does not have any convertible financial instruments as at the end of the reporting period.

26. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments.

The business segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

For management purpose, the Group is organised into two business segments as follows:

(i) Apparels	Manufacturing, marketing, distribution and retailing of jeanswear, other fashion apparels and accessories.
(ii) Information, communications and technology ("ICT")	Supply of telecommunication solutions, services and related products.

Except for Atilze Digital Sdn. Bhd., which is reported under the ICT segment, all other companies within the Group are aggregated to form the Apparels segment due to their similarity in nature and operational characteristics of the products.

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 JULY 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON *(CONT'D)*

By business segments

	Apparels		ICT		Elimination			Total	
	2016 RM	2015 RM	**2016 RM**	2015 RM	**2016 RM**	2015 RM	**Note**	**2016 RM**	2015 RM
Revenue:									
External sales	**26,711,384**	34,694,816	**10,258,642**	-	**-**	-		**36,970,026**	34,694,816
Results:									
Interest income	**2,927**	2,297	**-**	-	**-**	-		**2,927**	2,297
Finance costs	**(588,668)**	(645,348)	**-**	-	**-**	-		**(588,668)**	(645,348)
Depreciation and amortisation	**(1,166,478)**	(1,371,257)	**(1,880)**	-	**-**	-		**(1,168,358)**	(1,371,257)
Tax income/(expenses)	**106,845**	139,679	**(2,346)**	-	**-**	-		**104,499**	139,679
Non-cash (expenses)/income other than depreciation and amortisation	**(8,858,691)**	839,595	**(13,932)**	-	**-**	-	A	**(8,872,623)**	839,595
Segment (loss)/profit	**(14,280,298)**	(4,643,368)	**2,140**	-	**-**	-		**(14,278,158)**	(4,643,368)
Assets:									
Additions to non-current assets	**318,978**	711,211	**254,065**	-	**-**	-	B	**573,043**	711,211
Segment assets	**54,843,048**	65,504,783	**9,059,189**	-	**(5,530,000)**	-	C	**58,372,237**	65,504,783
Liabilities:									
Deferred tax liabilities	**3,219,159**	3,349,762	**1,805**	-	**-**	-		**3,220,964**	3,349,762
Segment liabilities	**28,839,309**	31,927,824	**9,085,020**	-	**(5,430,000)**	-	D	**32,494,329**	31,927,824

Notes to segment information:

A Other non-cash (expenses)/income consist of the following items:

	2016 RM	2015 RM
Deposit forfeited	**-**	(1,745,350)
Gain on disposal of investment in a subsidiary	**-**	2,335,584
Gain on disposal of property, plant and equipment	**27,500**	381,562
Impairment loss on intangible assets	**(475,077)**	-
Impairment loss reverse/(charge) on receivables	**19,391**	(91,564)
Inventories written off	**(8,293,605)**	(26,741)
Property, plant and equipment written off	**(136,900)**	(13,896)
Unrealised loss on foreign exchange	**(13,932)**	-
	(8,872,623)	839,595

B Additions to non-current assets consists of:

	2016 RM	2015 RM
Property, plant and equipment	**328,377**	711,211
Intangible assets:		
- Development cost	**114,890**	-
- Goodwill	**129,776**	-
	573,043	711,211

C The following items are adjusted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2016 RM	2015 RM
Investment in a subsidiary	**100,000**	-
Inter-segment balances	**5,430,000**	-
	5,530,000	-

D The following items are adjusted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2016 RM	2015 RM
Inter-segment balances	**5,430,000**	-

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Geographical segments

The business segment of the Group is managed principally in Malaysia and its products are distributed in Malaysia, Singapore and the United Kingdom.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas non-current assets are based on the geographical location of assets.

	Revenue		Non-current assets	
	2016 RM	2015 RM	**2016 RM**	2015 RM
Malaysia	**26,711,384**	34,395,933	**21,061,138**	22,268,430
Singapore	**10,258,642**	-	-	-
United Kingdom	-	298,883	-	-
	36,970,026	34,694,816	**21,061,138**	22,268,430

Information about major customers

During the financial year, total revenue from a major customer which contributed to more than 10% of the Group revenue amounted to **RM10,107,393** (2015:RM Nil).

27. LEASE COMMITMENTS

	GROUP	
	2016 RM	2015 RM
Cancellable operating lease payable		
Future minimum rentals payable:		
Within 1 year	**1,098,303**	1,320,725
Later than 1 year but not later than 2 years	**396,326**	886,931
Later than 2 years but not later than 5 years	**44,000**	241,060
	1,538,629	2,448,716

Operating lease commitments represent rentals payable for use of buildings. Leases are negotiated for terms ranging from one to three years.

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28. RELATED PARTY DISCLOSURES

(i) Identity of related parties

The Group has related party relationship with key management personnel and the following parties:

Related party		**Relationship**
Body Glove (M) Sdn. Bhd.	:	A company in which persons connected to a director of the Company have substantial financial interests.
Gemtek Technology Co. Ltd.	:	A major shareholder of the Company.

(ii) Related party transactions

	GROUP	
	2016	2015
	RM	RM
Rental income from a related party - Body Glove (M) Sdn. Bhd.	**108,000**	108,000
Purchases from a related party - Body Glove (M) Sdn. Bhd.	**160,734**	96,671
Purchases from a related party - Gemtek Technology Co. Ltd.	**3,497,888**	-

(iii) Compensation of key management personnel

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The Company has no other members of key management personnel apart from the Board of Directors which compensation has been shown in Note 23.

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29. FINANCIAL INSTRUMENTS

29.1 Categories of financial instruments

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

	Carrying Amount RM	L&R RM	FL RM
GROUP			
2016			
Financial assets			
Trade receivables	**11,774,290**	**11,774,290**	-
Other receivables and refundable deposits	**927,961**	**927,961**	-
Cash and bank balances	**8,655,033**	**8,655,033**	-
	21,357,284	**21,357,284**	-
Financial liabilities			
Trade payables	**14,025,117**	-	**14,025,117**
Other payables and accruals	**5,221,662**	-	**5,221,662**
Borrowings	**10,003,578**	-	**10,003,578**
	29,250,357	-	**29,250,357**
2015			
Financial assets			
Trade receivables	9,899,575	9,899,575	-
Other receivables and refundable deposits	1,126,427	1,126,427	-
Cash and bank balances	2,210,349	2,210,349	-
	13,236,351	13,236,351	-
Financial liabilities			
Trade payables	15,857,577	-	15,857,577
Other payables and accruals	2,897,863	-	2,897,863
Borrowings	9,822,622	-	9,822,622
	28,578,062	-	28,578,062

GRANT THORNTON FOR IDENTIFICATION PURPOSES ONLY AF:0042

	Carrying Amount RM	L&R RM	FL RM
COMPANY			
2016			
Financial assets			
Refundable deposits	**6,000**	**6,000**	**-**
Amount due from subsidiaries	**21,619,654**	**21,619,654**	**-**
	21,625,654	**21,625,654**	**-**
2016			
Financial liabilities			
Other payables and accruals	**1,855,155**	**-**	**1,855,155**
Amount due to subsidiaries	**9,577,933**	**-**	**9,577,933**
Borrowings	**3,468,578**	**-**	**3,468,578**
	14,901,666	**-**	**14,901,666**
2015			
Financial assets			
Other receivable and refundable deposits	126,000	126,000	-
Amount due from subsidiaries	12,830,252	12,830,252	-
	12,956,252	12,956,252	-
Financial liabilities			
Other payables and accruals	640,213	-	640,213
Amount due to subsidiaries	5,229,976	-	5,229,976
Borrowings	4,051,622	-	4,051,622
	9,921,811	-	9,921,811

29.2 Financial risk management

The Group's financial risk management policy seeks to ensure that adequate resources are available for the development of the Group's business whilst managing its credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

GRANT THORNTON FOR IDENTIFICATION PURPOSES ONLY AF: 0042

29.3 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from advances to its subsidiaries.

29.3.1 Trade receivables

The Group typically gives its customers credit terms of 60 to 180 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures.

In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the Group's statement of financial position.

The ageing of trade receivables and accumulated impairment losses of the Group is as follows:

	Gross RM	Impairment RM	Net RM
2016			
Not past due	**9,727,030**	**-**	**9,727,030**
1 to 60 days past due	**301,980**	**-**	**301,980**
61 to 120 days past due	**907,582**	**-**	**907,582**
Past due more than 120 days	**1,292,467**	**(454,769)**	**837,698**
	2,502,029	**(454,769)**	**2,047,260**
	12,229,059	**(454,769)**	**11,774,290**
2015			
Not past due	8,393,601	-	8,393,601
1 to 60 days past due	184,304	-	184,304
61 to 120 days past due	202,395	-	202,395
Past due more than 120 days	3,900,565	(2,781,290)	1,119,275
	4,287,264	(2,781,290)	1,505,974
	12,680,865	(2,781,290)	9,899,575

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Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Total impairment loss relates to customers that have financial difficulties and have defaulted in repayment.

The Group has trade receivables amounting to **RM2,047,260** (2015: RM1,505,974) that are past due as at the end of the reporting period but not impaired as the management is of the view that these debts are recoverable in due course.

As at the end of the reporting period, the Group has significant concentration of credit risk in the form of outstanding balance due from **2 customers** (2015: 3 customers) representing **31%** (2015: 33%) of the total trade receivables.

29.3.2 **Intercompany balance**

The Company provides advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by its carrying amount in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the advances to those subsidiaries are not recoverable. The Company does not specifically monitor the ageing of these advances.

29.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

The financial liabilities of the Company as at the end of the reporting period will mature in less than one year based on the carrying amounts reflected in the financial statements.

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

GRANT THORNTON
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GROUP	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
2016					
Non-derivative financial liabilities					
Interest bearing borrowings	**10,003,578**	**10,026,273**	**9,872,122**	**38,544**	**115,607**
Trade and other payables	**19,246,779**	**19,246,779**	**19,246,779**	**-**	**-**
	29,250,357	**29,273,052**	**29,118,901**	**38,544**	**115,607**
2015					
Non-derivative financial liabilities					
Interest bearing borrowings	9,822,622	9,822,622	9,822,622	-	-
Trade and other payables	18,755,440	18,755,440	18,755,440	-	-
	28,578,062	28,578,062	28,578,062	-	-

29.5 **Interest rate risk**

The Group's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and of the Company's interest bearing financial instruments based on the carrying amounts as at the end of the reporting period is as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	**2016 RM**	2015 RM
Fixed rate instruments				
Financial liabilities	**170,000**	-	**-**	-
Floating rate instruments				
Financial liabilities	**9,833,578**	9,822,622	**3,468,578**	4,051,622

GRANT THORNTON FOR IDENTIFICATION PURPOSES ONLY AF:0042

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have increased loss before tax of the Group and of the Company by **RM23,696** (2015: RM24,858) and **RM8,043** (2015: RM10,400) respectively and a corresponding decrease would have an equal but opposite effect. These changes are considered to be reasonably possible based on observation of current market conditions. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

29.6 Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the respective functional currencies of the Group entities. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily US Dollar ("USD"), Chinese Renminbi ("RMB"), Hong Kong Dollar ("HKD") and Thai Baht ("THB").

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period is as follows:

	Denominated in			
	USD	**RMB**	**HKD**	**THB**
	RM	**RM**	**RM**	**RM**
2016				
Cash and bank balances	**1,672,736**	-	-	-
Trade receivables	**1,926,518**	-	-	-
Trade payables	**(4,058,681)**	**(4,825,342)**	**(4,182)**	-
Net exposure	**(459,427)**	**(4,825,342)**	**(4,182)**	-
2015				
Trade payables	(375,821)	-	-	(13,255)

GRANT THORNTON FOR IDENTIFICATION PURPOSES ONLY AF: 0042

Sensitivity analysis for foreign currency risk

Below demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's loss before tax. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have reduced loss before tax by the amount shown below and a corresponding weakening would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

	GROUP	
	2016	2015
	RM	RM
USD	**45,943**	37,582
RMB	**482,534**	
HKD	**418**	-
THB	**-**	1,326
Reduction in loss before tax	**528,895**	38,908

30. FAIR VALUE MEASUREMENT

30.1 Fair value measurement of financial instruments

The carrying amounts of the Group's cash and bank balances, short term receivables and payables and short term borrowings as at the end of the reporting period approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period. The carrying amounts of the non-current portion of finance lease liabilities were reasonable approximation of fair values due to the insignificant impact of discounting.

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30.2 Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets for which fair value is disclosed as at the end of the reporting period:

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
2016					
Investment property					
- Freehold shoplot	-	-	**200,000**	**200,000**	**115,200**
2015					
Investment property					
- Freehold shoplot	-	-	200,000	200,000	118,800

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

Level 3 fair value

Level 3 fair value of freehold shoplot has been generally derived by directors' estimation using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

GRANT THORNTON FOR IDENTIFICATION PURPOSES ONLY AF: 0042

As at the end of the reporting period, the Group has not breached any of the debt covenants imposed by its lenders.

32. SIGNIFICANT EVENT

On 24 March 2016, the newly acquired subsidiary, Atilze Digital Sdn. Bhd. (formerly known as VLT Wholesale Sdn. Bhd.) ("Atilze") entered into a distributorship agreement with Gemtek Technology Co. Ltd. ("Gemtek"), a major shareholder of the Company, for Atilze to be the distributor of Gemtek to promote, market and sell its products such as LTE, Broadband, IoT and other telecommunication products and to provide services for these products in the South-East Asian region.

33. SUBSEQUENT EVENT

On 27 October 2016, Atilze has acquired 2,400 ordinary shares of RM1 each in Above Drive Sdn. Bhd., representing 85.71% of the issued and paid-up share capital, for a total cash consideration of RM2,400.

DISCLOSURE OF REALISED AND UNREALISED (LOSSES)/PROFITS

The breakdown of retained profits of the Group and of the Company as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the 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 are as follows:

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	RM	RM	**RM**	RM
Total accumulated losses of the Company and its subsidiaries:				
- Realised	**(37,386,046)**	(17,881,238)	**(44,912,663)**	(39,086,575)
- Unrealised	**(235,737)**	(290,000)	**-**	-
	(37,621,783)	(18,171,238)	**(44,912,663)**	(39,086,575)
Less: Consolidation adjustments	**(5,488,837)**	(10,661,224)	**-**	-
Total accumulated losses as per statements of financial position	**(43,110,620)**	(28,832,462)	**(44,912,663)**	(39,086,575)

GRANT THORNTON FOR IDENTIFICATION PURPOSES ONLY AF: 0042

Company No. 570396-D

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE 9-MONTH FPE 30 APRIL 2017

G3 GLOBAL BERHAD (Company No. 570396-D)
(formerly known as Yen Global Berhad)

CERTIFIED TRUE COPY
24 JUL 2017
CHEE WAI HONG
COMPANY SECRETARY
BC/C/1470

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2017
(The figures have not been audited)

	As At End Of Current Quarter 30.4.17 RM'000	As At Preceding Financial Year End 31.7.16 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	18,241	17,941
Investment property	114	115
Intangible assets	115	244
	18,470	18,300
Current assets		
Inventories	15,306	15,837
Trade receivables	6,774	11,774
Other receivables and deposits	1,582	938
Current tax assets	71	94
Cash and bank balances	2,769	8,655
	26,502	37,298
Assets classified as held for sale	-	2,774
TOTAL ASSETS	44,972	58,372
EQUITY & LIABILITIES		
Equity attributable to owners of the parent		
Share capital	68,750	68,750
Share premium	239	239
Retained profits	(49,004)	(43,111)
Total equity	19,985	25,878
Non-current liabilities		
Deferred taxation	3,914	2,919
	3,914	2,919
Current liabilities		
Trade payables	6,523	14,025
Other payables and accruals	3,641	5,546
Borrowings	10,909	10,004
	21,073	29,575
Total liabilities	24,987	32,494
TOTAL EQUITY & LIBILITIES	44,972	58,372
Net Assets per Share (RM)	0.1453	0.1878

Note :
The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the year ended 31 July 2016.

G3 GLOBAL BERHAD (Company No. 570396-D)
(formerly known as Yen Global Berhad)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 APRIL 2017
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.4.17 RM'000	Preceding Year Corresponding Quarter 30.4.16 RM'000	Current Year To Date 30.4.17 RM'000	Preceding Year Corresponding Quarter 30.4.16 RM'000
Revenue	5,695	6,162	16,890	17,153
Operating expenses	(8,835)	(11,648)	(24,422)	(27,162)
Other operating income	1,244	378	2,121	1,273
Loss from operations	(1,896)	(5,108)	(5,411)	(8,736)
Finance cost	(166)	(185)	(482)	(468)
Loss before tax	(2,062)	(5,293)	(5,893)	(9,204)
Taxation	-	(15)	-	(15)
Net loss for the period	(2,062)	(5,308)	(5,893)	(9,219)
Other comprehensive income/(loss), net of tax	-	-	-	-
Total comprehensive loss for the period	(2,062)	(5,308)	(5,893)	(9,219)
Loss attributable to:				
Equity holders of the parent	(2,062)	(5,308)	(5,893)	(9,219)
Non-controlling interests	-	-	-	-
Net loss for the period	(2,062)	(5,308)	(5,893)	(9,219)
Total comprehensive loss attributable to:				
Equity holders of the parent	(2,062)	(5,308)	(5,893)	(9,219)
Non-controlling interests	-	-	-	-
Total comprehensive loss for the period	(2,062)	(5,308)	(5,893)	(9,219)
Basic earnings(loss) per share attributable to owners of the parent (sen)	(1.50)	(0.39)	(4.28)	(6.92)

Note :
The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited financial statements for the year ended 31 July 2016.

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24 JUL 2017
Name of Chee Wai Hong
Secretary: BC/C/1470

G3 GLOBAL BERHAD (Company No. 570396-D)
(formerly known as Yen Global Berhad)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 APRIL 2017
(The figures have not been audited)

	<----------------Attributable to Owners of the Company----------------					Non-controlling Interests	Total Equity
		------Non-distributable-----					
	Share Capital	Share Premium	Treasury Shares	Accumulated Losses	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Third Quarter ended <u>30.4.17</u>							
Balance at 1.8.2016	68,750	239	-	(43,111)	25,878	-	25,878
Treasury shares sold	-	-	-	-	-	-	-
Share issue expenses	-	-			-		-
Total comprehensive loss for the period	-	-	-	(5,893)	(5,893)	-	(5,893)
Balance at 30.4.2017	68,750	239	-	(49,004)	19,985	-	19,985
Third Quarter ended <u>30.4.16</u>							
Balance at 1.8.2015	62,500	21	(112)	(28,832)	33,577	-	33,577
Treasury shares sold			112		112	-	112
Total comprehensive loss for the period	-	-	-	(9,219)	(9,219)	-	(9,219)
Balance at 30.4.2016	62,500	21	-	(38,051)	24,470	-	24,470

Note :
The unaudited Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's financial statements for the year ended 31 July 2016. The accompanying notes are an intergral part of this statement.

G3 GLOBAL BERHAD (Company No. 570396-D)

(formerly known as Yen Global Berhad)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 APRIL 2017

(The figures have not been audited)

	Cumulative Current Year Quarter 30.4.17 RM'000	Cumulative Preceding Year Quarter 30.4.16 RM'000
Cash flows from operating activities		
Loss before taxation	(5,893)	(9,204)
Adjustments for :		
- Non-cash items	836	858
- Non-operating items	482	468
Operating loss before working capital changes	(4,575)	(7,878)
Inventories	530	8,584
Receivables	4,356	3,733
Payables	(9,082)	(6,439)
Cash from operations	(8,771)	(2,000)
Interest paid	(482)	(468)
Income tax refunded (paid)	22	(7)
Net cash (used in)/from operating activities	(9,231)	(2,475)
Cash flows from investing activities		
Disposal of subsidiary, net of cash	2,450	-
Sale of treasury shares	-	112
Purchase of property, plant and equipment	(10)	(76)
Net cash from/(used in) investing activities	2,440	36
Cash flows from financing activities		
(Payment)/ Drawdown of bankers acceptance	(638)	783
(Payment)/ Drawdown of factoring liabilities	(30)	-
Repayment of bank borrowings	8	-
Net cash used in financing activities	(660)	783
Net (decrease)/increase in cash and cash equivale	(7,451)	(1,656)
Cash and cash equivalents at beginning	5,186	(1,841)
Cash and cash equivalents at end	(2,265)	(3,497)
Represented by:		
Cash and bank balances	2,769	1,143
Bank overdrafts	(5,034)	(4,640)
	(2,265)	(3,497)

Note :

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Financial Report for the year ended 31 July 2016 and the accompanying explanatory to the interim financial statements.

Stamped for identification for the subsequent pages of the certified true copy of the main page dated:

24 JUL 2017

Name of Secretary: Chee Wai Hong BC/C/1470

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE 9-MONTH FPE 30 APRIL 2017 *(CONT'D)*

G3 GLOBAL BERHAD (Company No. 570396-D)
(formerly known as Yen Global Berhad)

SELECTED EXPLANATORY NOTES
30 APRIL 2017

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS"), MFRS 134: Interim Financial Reporting and paragraph 9.22 and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 July 2016. 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 G3 Global Berhad. ("G3" or "Company") and its subsidiary companies (hereinafter referred to as the "Group") since the financial year ended 31 July 2016.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the financial year ended 31 July, 2016.

2 Audit Report

The auditors' report on the financial statements for the year ended 31 July 2016 was not qualified.

3 Seasonality or Cyclicality

Major festivals and carnival sales have an impact on revenue and earnings of the Group's Apparel Division, which is involved in the distribution of fashion apparels. The ICT Division is not subject to seasonal factors.

4 Exceptional items

There were no exceptional items for the period under review.

5 Estimates

There were no changes to the estimates that have been used in the preparation of the current financial statements.

6 Changes in debt or equity securities

There were no issuance or repayment of debt or equity securities for the current financial year to date.

7 Dividends

No dividend has been proposed for the current financial period to date.

8 Segmental Reporting

The analysis of the Group by business activities is as follows:

	Apparel	ICT	Total
Period ended 30 April 2017	RM'000	RM'000	RM'000
Revenue	15,523	1,367	16,890
Profit(loss) before tax	(4,065)	(1,828)	(5,893)
As at 30 April 2017			
Assets Employed	41,173	3,799	44,972

Geographical Segments

The business of the Group is managed principally in Malaysia and its products are distributed mainly in Malaysia. Geographical segmental information is not prepared as the Group's revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and non-cash expenses are mainly confined to one geographical segment.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE 9-MONTH FPE 30 APRIL 2017 (*CONT'D*)

G3 GLOBAL BERHAD (Company No. 570396-D)
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SELECTED EXPLANATORY NOTES
30 APRIL 2017

9 Valuation of Property, Plant and Equipment

There were no changes in the valuation of property, plant and equipment since the last audited financial statements for the year ended 31 July 2016.

10 Subsequent Events

There were no material events that have arisen between the end of the reporting quarter and the date of this announcement.

11 Changes In The Composition of The Group

Changes in the composition of the Group for the financial year to date are as follows:
Atilze Digital Sdn Bhd, a wholly-owned subsidiary of G3 has on 27 October 2016 acquired 85.71% of the issued and paid-up share capital comprising 2,400 ordinary shares of RM1.00 each in Above Drive Sdn. Bhd, for a total cash consideration of RM2,400.

12 Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets of a material nature as at the date of this report.

13 Capital Commitments

There are no outstanding capital commitments at the end of the current quarter.

14 Review Of Performance

Group turnover for the quarter dipped to RM5.7 million which is 7.5% lower as compared to RM6.1 million as recorded in the corresponding quarter in the previous year. Consumer demand for non-essential goods continues to be afftected by unfavourable market sentiment during this Chinese New Year festive period. However, the Group loss before tax for the quarter has dropped to RM2.1 million as compared to a loss of RM5.3 million suffered in the corresponding quarter last year due to impairment of slow-moving inventories in the previous quarter.

15 Material change in profit before taxation as compared to preceding quarter

The turnover of RM5.7 million achieved this quarter represents an increase of 11.7% as compared to the turnover of RM5.1 million for the immediate preceding quarter. Higher sales was achieved in this quarter as it captures part of the peak season during Chinese New Year. However, loss before tax recorded of RM2.1 million this quarter was slightly higher than the loss of RM2.0 million recorded in the previous quarter due to higher operating expenses.

16 Current Year Prospects

Weak market sentiment continues to affect the apparel industry. Group turnover for the year to date remains flat and we do not foresee an uptrend for the rest of the financial year. Our new venture into the ICT business, specifically in the business of supplying Internet of Things (IoT) connected objects and devices has yet to contribute to the Group at this stage. However it is projected to start contributing to Group results by the next financial year. As such, the Group do not expect to see a turnaround in its results for the current financial period.

17 Taxation

	Current Year Quarter 30.4.17 RM'000	Current Year To Date 30.4.17 RM'000
Taxation comprise the following :		
Based on profit for the period :		
- Current tax	-	-
- Deferred taxation	-	-
	-	-

G3 GLOBAL BERHAD (Company No. 570396-D)
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SELECTED EXPLANATORY NOTES
30 APRIL 2017

Reconciliation of statutory tax rate to effective tax rate :

	Current Year Quarter 30.4.17 %	Current Year To Date 30.4.17 %
Statutory tax rate	25	25
Tax impact of losses in subsidiary companies	(25)	(25)
	-	-

18 Treasury Shares

As at to date, the Company does not hold any treasury shares.

19 Corporate Proposals

The Company has on 22 November 2016 announced the following proposals incorporating subsequent amendments as follows:

(i) proposed share capital reduction of G3 Global of RM55 million pursuant to S.116 of the Companies Act 2016.
(ii) proposed renounceable rights issue of up to 275,000,000 new G3 Global Shares on the basis of two (2) Rights Shares for every one (1) existing G3 Global Share (held after the Proposed Share Capital Reduction on an entitlement date to be determined later), together with up to 206,250,000 free detachable warrants on the basis of 3 Warrants for every 4 Rights Shares subscribed by the entitled shareholders;

(iii) proposed diversification of the business of G3 Global to include information and communications technology.

20 Group Borrowings and Debt Securities

Group borrowings	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Bank Overdraft	5,034	-	5,034
Bankers acceptance	5,875	-	5,875
Total	10,909	-	10,909

21 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this report.

22 Material Litigation

The Group does not have any material litigation as at the date of this report.

Stamped for identification for the subsequent pages of the certified true copy of the main page dated:
24 JUL 2017
Name of Chee Wai Hong
Secretary: BC/C/1470

G3 GLOBAL BERHAD (Company No. 570396-D)
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SELECTED EXPLANATORY NOTES
30 APRIL 2017

23 Profit /(Loss) Before Taxation

This is arrived at:

	Current Year Quarter 30.4.17 RM'000	Current Year To Date 30.4.17 RM'000
After Charging :		
Depreciation and amortization	260	784
Interest expense	184	482
And Crediting :		
Royalty income	318	1,076
Rental income	22	66

24 Basis of calculation of loss per share

The basic loss per share for the quarter and cumulative year to date are computed as follow:

	Individual Current Year Quarter 30.4.17	Cumulative Current Year To Date 30.4.17
Net Loss for the period (RM'000)	(2,062)	(5,893)
Weighted average number of ordinary shares in issue ('000)	137,500	137,500
Basic Loss Per Share (sen)	(1.50)	(4.29)

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the reported quarter and year.

25 Change of Financial Year End

On 13 June 2017, the Board of Directors has approved the change in the financial year end of the Company from 31 July to 31 December. As such, the current financial period will be for a period of 17 months from 1 August 2016 to 31 December 2017. Thereafter, the financial year of the Company shall revert to twelve (12) months ending 31 December, for 2018 and subsequent years.

G3 GLOBAL BERHAD

(Formerly known as Yen Global Berhad) (570396-D)
Listed on Main Market of Bursa Malaysia Berhad

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Bayan Lepas, 11900 Penang, Malaysia
Tel: +604.6461600 **Fax:** +604.6457448 **Email:** contact@yenglobal.com

Registered Office:

51-13-A
Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

25 AUG 2017

To: Shareholders of G3 Global Berhad *(formerly known as Yen Global Berhad)* ("**G3 Global**" or the "**Company**")

Dear Sir / Madam,

On behalf of the Board of Directors of G3 Global ("**Board**"), I wish to report that after making due enquiries in relation to our Company and subsidiary companies ("**Group**") during the period between 31 July 2016 (being the date on which the latest audited consolidated financial statements have been made up) to the date thereof, being a date not earlier than 14 days before the date of this Abridged Prospectus that:

(i) in the opinion of the Board, the business of our Group has been satisfactorily maintained;

(ii) in the opinion of the Board, 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;

(iii) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(v) since the last audited consolidated financial statements of our Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and

(vi) save as disclosed in Section 8 of the Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the results of our Group since the last audited consolidated financial statements of our Group.

Yours faithfully
For and behalf of the Board of
G3 GLOBAL BERHAD

LIM BOON HONG
Executive Director

ADDITIONAL INFORMATION

1. SHARE CAPITAL

1.1 Save for the Rights Shares, Warrants and new Shares to be issued pursuant to the exercise of the Warrants, no securities in our Company will be allotted or issued on the basis of this AP later than 12 months after the date of the issuance of this AP.

1.2 As at the date of this AP, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only 1 class of shares in our Company, namely ordinary shares, all of which rank *pari passu* with one another.

1.3 Save for the Entitled Shareholders who will be allotted the provisional Rights Shares with Warrants under the Rights Issue of Shares with Warrants, no person has been or is entitled to be granted an option to subscribe for any of our securities as at the LPD.

2. REMUNERATION OF DIRECTORS

The provisions in our Constitution in respect of the arrangements for the remuneration of Directors are as follows:

Article 112

Subject to these Article, the fee of the Directors shall from time to time be determined by the Company in general meeting but:

(1) Directors' fees payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;

(2) salaries payable to Directors holding executive office in the Company may not include a commission on or a percentage of turnover;

(3) all fee payable to Directors shall be deemed to accrue from day to day;

(4) fees payable to Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting; or

(5) any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.

Article 113

The Directors may be paid all travelling, hotel and other expenses, properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general or other meetings of the Company or in connection with the business of the Company.

Article 114

The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:

(1) render any special or extra services to the Company; or

(2) to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by all or any such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or percentage of turnover.

3. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, neither our Company nor our subsidiary companies have entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of our Group) during the 2 years immediately preceding the date of this AP:

(i) Our Company had on 31 December 2015 entered into a Share Sale Agreement with Lee Wei Lung and Chew Hian Hee for the acquisition of 100% equity interest in Atilze comprising 100 ordinary shares of RM1.00 each in Atilze for a total cash consideration of RM100,000.00. The said acquisition was completed on 19 January 2016;

(ii) Atilze had on 24 March 2016 entered into the Distributorship Agreement with Gemtek Tech;

(iii) Our Company had on 28 June 2016 entered into a conditional Shares Sale Agreement with Goh Siew Lan and Chew Choon Har for the disposal of 100% equity interest in Twin Access Sdn Bhd comprising 300,000 ordinary shares of RM1.00 each in Twin Access Sdn Bhd for a total cash consideration of RM3,408,000.00. The said disposal was completed on 28 September 2016;

(iv) the Deed Poll dated 22 August 2017 executed by our Company constituting the Warrants; and

(v) the Underwriting Agreement dated 22 August 2017 between our Company and the Underwriters to underwrite severally but not jointly up to 100,000,000 Rights Shares.

4. MATERIAL LITIGATION

As at the LPD, neither our Company nor our Group is engaged in any material litigations, claims or arbitration, either as plaintiff or defendant, and our Board has confirmed that there are no proceedings, pending or threatened, against our Company or our Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

5. GENERAL

5.1 There is no existing or proposed service contract entered or to be entered into by our Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within 1 year from the date of this AP.

5.2 Save as disclosed in this AP, the financial conditions and operations of our Group are not affected by any of the following:

(i) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

(ii) material commitments for capital expenditure of our Group;

(iii) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;

(iv) known trends or uncertainties that have had or that our Group reasonably expects will have, a material favourable or unfavourable impact on our Group's revenue or operating income;

(v) substantial increase in revenues; and

(vi) material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

6. CONSENTS

The Adviser, Company Secretaries, Smith Zander, Principal Banker, Share Registrar, Underwriters, Solicitors for the Rights Issue of Shares with Warrants and Bloomberg Finance L.P. have given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names and all references thereto in the form and context in which they appear in this AP.

The written consent of our Auditors and Reporting Accountants to the inclusion in this AP of its name and letter relating to the pro forma consolidated statements of financial position of our Group as at 31 July 2016 and the audited consolidated financial statements of our Group for the FYE 31 July 2016 respectively, and all references thereto in the form and context in which they appear have been given before the issuance of this AP and has not subsequently been withdrawn.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period of 12 months from the date of this AP:

(i) our Constitution;

(ii) the audited financial statements of our Group for the FYE 31 July 2015 and FYE 31 July 2016 as well as the latest unaudited results for the 9-month FPE 30 April 2017;

(iii) the pro forma consolidated statements of financial position as at 31 July 2016 and the Reporting Accountants' letter thereon as set out in **Appendix III** of this AP;

(iv) the undertaking letters from the Undertaking Shareholders;

(v) Directors' Report referred to as **Appendix VII** of this AP;

(vi) the material contracts as set out in Section 3 above;

(vii) the IMR Report;

(viii) the Deed Poll;

(ix) the letters of consent referred to in Section 6 above; and

(x) the Underwriting Agreement.

8. RESPONSIBILITY STATEMENT

This AP together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries 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 herein false or misleading.

TA Securities, being the Adviser for the Rights Issue of Shares with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning this Rights Issue of Shares with Warrants.

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