

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 TH Heavy Engineering Berhad ("THHE" or the "Company"), you should at once hand this Abridged Prospectus, together with the Notice of Provisional Allotment ("NPA") and the Rights Subscription Form ("RSF") to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue of ICPS-i (as defined herein) should be addressed to our Share Registrar, Securities Services (Holdings) Sdn Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

This Abridged Prospectus, together with the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. No action has been or will be taken to ensure that the Rights Issue of ICPS-i complies with laws of any countries or jurisdictions other than the laws of Malaysia. The distribution of this Abridged Prospectus, together with the NPA and the RSF, may be prohibited or restricted (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions or in respect of certain persons under the relevant laws of those jurisdictions. This Abridged Prospectus, together with the NPA and the RSF, does not constitute an offer, solicitation or invitation to subscribe for the Rights Issue of ICPS-i in any jurisdiction other than Malaysia or to any person to whom it would be unlawful to make such an offer, solicitation or invitation. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Malaysia where shareholders may have their registered addresses, this Abridged Prospectus, together with the NPA and the RSF, is not intended to be and will not be despatched to shareholders with a registered address outside Malaysia ("Foreign Shareholders"), unless they have provided an address in Malaysia for the service of this Abridged Prospectus, together with the NPA and the RSF, by the entitlement date as set out below. However, nothing shall preclude Foreign Shareholders from collecting this Abridged Prospectus, together with the NPA and the RSF, in person, at the office of 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 this Rights Issue of ICPS-i. Our Company and Hong Leong Investment Bank Berhad ("HLIB") shall not accept any responsibility or liability in the event that any acceptance or renunciation made by the entitled shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

A copy of this Abridged Prospectus has been registered with the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue of ICPS-i or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, 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.

Approval for this Rights Issue of ICPS-i has been obtained from our shareholders at the Extraordinary General Meeting held on 28 May 2015. Approval has been obtained from Bursa Malaysia Securities Berhad ("Bursa Securities") via its letter dated 7 April 2015 for the admission of the ICPS-i (as defined below) to the Official List of Bursa Securities, the listing of and quotation for the ICPS-i to be issued pursuant to the Rights Issue of ICPS-i as well as the listing of and quotation for the new THHE Shares (as defined herein) to be issued pursuant to the conversion of the ICPS-i on the Main Market of Bursa Securities.

Admission of the ICPS-i to the Official List of Bursa Securities, the listing of and quotation for the ICPS-i to be issued pursuant to the Rights Issue of ICPS-i as well as the listing of and quotation for the new THHE Shares to be issued pursuant to the conversion of the ICPS-i on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of ICPS-i. Neither Bursa Securities nor the SC takes any responsibility for the correctness of statements made or opinions expressed herein.

Our Board of Directors ("Board") has seen and approved all the documentation relating to this Rights Issue of ICPS-i including this Abridged Prospectus together with the NPA and RSF. They collectively and individually accept full responsibility for the accuracy of the information given 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 which, if omitted, would make any statements in these documents false or misleading.

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.



TH HEAVY ENGINEERING BERHAD
(Company No. 634775-D)
(Incorporated in Malaysia under the Companies Act 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,195,815,669 NEW ISLAMIC IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.25 EACH IN THHE ("ICPS-i") AT AN ISSUE PRICE OF RM0.25 FOR EACH ICPS-i ON THE BASIS OF 16 ICPS-i FOR EVERY 15 EXISTING ORDINARY SHARES OF RM0.25 EACH HELD IN THHE AS AT 5.00 P.M. ON 14 AUGUST 2015

Adviser



Hong Leong Investment Bank Berhad (10209-W)

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

IMPORTANT RELEVANT DATES AND TIMES:

Entitlement Date	:	Friday, 14 August 2015 at 5.00 p.m.
Last date and time for the sale of provisionally allotted ICPS-i	:	Friday, 21 August 2015 at 5.00 p.m.
Last date and time for the transfer of provisionally allotted ICPS-i	:	Wednesday, 26 August 2015 at 4.00 p.m.
Last date and time for acceptance and payment	:	Tuesday, 1 September 2015 at 5.00 p.m.*
Last date and time for excess application and payment	:	Tuesday, 1 September 2015 at 5.00 p.m.*

* or such later date and time as our Board and Adviser may decide and announce not less than 2 Market Days (as defined in this Abridged Prospectus) before the stipulated date and time.

This Abridged Prospectus is dated 14 August 2015

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

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE OF ICPS-i AND ANY INVESTMENT IN OUR COMPANY. 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.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS & SERVICES ACT 2007.

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 CAPITAL MARKETS & SERVICES ACT 2007 (SUCH AS OUR DIRECTORS AND ADVISERS) ARE RESPONSIBLE.

THE DISTRIBUTION OF THIS ABRIDGED PROSPECTUS TOGETHER WITH THE NPA AND RSF (COLLECTIVELY KNOWN AS THE "DOCUMENTS") IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE OF ICPS-i UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

ALL TERMS USED ARE AS DEFINED IN THE "DEFINITIONS" PAGE OF THIS ABRIDGED PROSPECTUS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:

“Act”	:	Companies Act 1965, as amended from time to time and any re-enactment thereof
“Additional Undertaking”	:	Irrevocable and unconditional written undertaking from LTH, to subscribe in cash for up to 743,560,420 ICPS-i which are not subscribed or not validly subscribed by the other Entitled Shareholders and/or their renounees at an issue price of RM0.25 each amounting to a maximum of RM185,890,105 under the Rights Issue of ICPS-i
“ATM”	:	Automated Teller Machine
“Authorised Nominee”	:	A person who is authorised to act as a nominee as defined under the Rules of Bursa Depository
“BNM”	:	Bank Negara Malaysia
“Board”	:	Board of Directors of THHE
“bpd”	:	Barrels per day
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“CDS”	:	Central Depository System
“CDS Account(s)”	:	Securities account(s) established by Bursa Depository for a depositor for the recording of deposits and dealings in such securities by the depositor
“Code”	:	Malaysian Code on Take-Overs and Mergers, 2010, as amended from time to time and any re-enactment thereof
“Conversion Rate”	:	The conversion rate of the ICPS-i which is fixed at 1 new THHE Share for every ICPS-i held
“Corporate Exercises”	:	The Rights Issue of ICPS-i, the increase in the authorised share capital of our Company from RM855,000,000 comprising 3,200,000,000 THHE Shares and 220,000,000 irredeemable convertible non-cumulative preference shares of RM0.25 each in THHE (which were fully converted into THHE Shares on 20 December 2009) to RM1,100,000,000 comprising 3,200,000,000 THHE Shares and 1,200,000,000 ICPS-i, and the amendments to the M&A
“Documents”	:	This Abridged Prospectus and the accompanying NPA and RSF, collectively
“EGM”	:	Extraordinary general meeting
“Electronic Application”	:	Application for the ICPS-i and/or Excess ICPS-i through the ATMs of Participating Financial Institutions

DEFINITIONS (Cont'd)

"Entitled Shareholders"	:	Shareholders whose names appear in our Company's Record of Depositors on the Entitlement Date
"Entitlement Date"	:	A date on which our shareholders must be registered in our Record of Depositors in order to be entitled to the Rights Issue of ICPS-i, being 5.00 p.m. on Friday, 14 August 2015
"EPCIC"	:	Engineering, procurement, construction, installation and commissioning
"EPS"	:	Earnings per share
"Excess Application"	:	Applications for additional ICPS-i in excess of an Entitled Shareholder's entitlement under the Rights Issue of ICPS-i as set out in Section 10.7 of this Abridged Prospectus
"Excess ICPS-i"	:	ICPS-i which are not taken up or not validly taken up by the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable)
"Floatech"	:	Floatech (L) Ltd
"Foreign Entitled Shareholders"	:	Entitled Shareholders having their registered addresses outside Malaysia as set out in Bursa Depository's records
"FPE"	:	Financial period ended
"FPSO"	:	Floating production storage offloading vessel
"FYE"	:	Financial year ended/ending, as the case may be
"GST"	:	Goods and Services Tax
"HKD"	:	Hong Kong Dollar
"HLIB" or "Adviser"	:	Hong Leong Investment Bank Berhad
"ICPS-i"	:	New Islamic irredeemable convertible preference shares of RM0.25 each in THHE to be issued pursuant to the Rights Issue of ICPS-i
"ICPS-i Subscription File"	:	An electronic file forwarded by an Authorised Nominee who has subscribed for NRS to Bursa Depository, containing the information of such Authorised Nominee's acceptance of their respective Provisional ICPS-i and application for Excess ICPS-i
"Internet Application"	:	Application for the ICPS-i and/or Excess ICPS-i through an Internet Participating Financial Institution
"Internet Participating Financial Institution(s)"	:	Participating financial institution(s) for the Internet Applications, namely Public Bank Berhad and/or Affin Bank Berhad
"JX Nippon"	:	JX Nippon Oil & Gas Exploration (Malaysia) Limited
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
"LAT"	:	Loss after tax

DEFINITIONS (Cont'd)

"LBT"	:	Loss before tax
"LPD"	:	16 July 2015, being the latest practicable date prior to the date of this Abridged Prospectus
"LTD"	:	12 February 2015, being the last trading day prior to the date of the announcement of the Corporate Exercises
"LTH"	:	Lembaga Tabung Haji, being the major shareholder of our Company
"M&A"	:	Memorandum and Articles of Association of our Company
"Market Day"	:	Any day on which Bursa Securities is open for trading in securities
"Maximum Scenario"	:	Assuming all our Entitled Shareholders subscribe in full for their respective entitlements under the Rights Issue of ICPS-i
"Minimum Scenario"	:	Assuming only LTH subscribes for the ICPS-i pursuant to the Undertaking and Additional Undertaking
"Minimum Subscription Level"	:	The minimum subscription level of RM275.0 million pursuant to the Rights Issue of ICPS-i
"NA"	:	Net assets attributable to our shareholders
"NPA"	:	Notice of provisional allotment in relation to the Rights Issue of ICPS-i
"NRS"	:	Nominee Rights Subscription service offered by Bursa Depository, at the request of our Company, to Authorised Nominees for electronic subscription of ICPS-i through Bursa Depository's existing network facilities with the Authorised Nominees
"O&G"	:	Oil and gas
"OGW"	:	O&G Works Sdn Bhd
"Participating Financial Institution(s)"	:	Participating financial institution(s) for Electronic Application(s), namely Public Bank Berhad and/or Affin Bank Berhad
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"PETRONAS"	:	Petroleum Nasional Berhad
"Provisional ICPS-i"	:	ICPS-i provisionally allotted to our Entitled Shareholders
"Record of Depositors"	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
"Rights Issue Entitlement File"	:	An electronic file forwarded by Bursa Depository to an Authorised Nominee who has subscribed for NRS, containing information of such Authorised Nominee's entitlements under the Rights Issue of ICPS-i as at the Entitlement Date

DEFINITIONS (Cont'd)

"Rights Issue of ICPS-i"	:	Renounceable rights issue of up to 1,195,815,669 ICPS-i at an issue price of RM0.25 for each ICPS-i on the basis of 16 ICPS-i for every 15 THHE Shares held by our Entitled Shareholders on the Entitlement Date
"RM" and "sen"	:	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
"RSF"	:	Rights subscription form in relation to the Rights Issue of ICPS-i
"Rules of Bursa Depository"	:	The rules of Bursa Depository as issued pursuant to the SICDA, as amended from time to time
"SC"	:	Securities Commission Malaysia
"Share Registrar"	:	Securities Services (Holdings) Sdn Bhd
"SICDA"	:	Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
"TERP"	:	Theoretical ex-rights price
"THF"	:	THHE Fabricators Sdn Bhd
"THHE"	:	TH Heavy Engineering Berhad
"THHE Shares" or "Shares"	:	Ordinary shares of RM0.25 each in our Company
"Undertaking"	:	Irrevocable and unconditional written undertaking from LTH, to subscribe in cash for its entitlement of up to 356,439,580 ICPS-i at an issue price of RM0.25 each amounting to a maximum of RM89,109,895 under the Rights Issue of ICPS-i
"US"	:	United States of America
"USD"	:	US dollar, being the lawful currency of the US

All references to "our Company" in this Abridged Prospectus are to THHE, and references to "our Group" are to our Company and our subsidiaries, collectively. References to "we", "us", "our" and "ourselves" are to our Company and, where the context requires otherwise, our Group.

All references to "you" in this Abridged Prospectus are to our Entitled Shareholders and/or where the context otherwise requires, their renounee(s) and/or transferee(s).

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day or date in this Abridged Prospectus shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

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CORPORATE DIRECTORY

OUR BOARD

Name (<i>Designation</i>)	Address	Nationality	Age	Occupation
Dato' Azizan Bin Abd. Rahman (<i>Non-Independent Non-Executive Director/Chairman</i>)	No. 30, Lorong Taman Pantai 7 Bukit Pantai 59100 Kuala Lumpur Wilayah Persekutuan	Malaysian	65	Director
Nusrul Bin Danir (<i>Executive Director/Acting Chief Executive Officer</i>)	41, Kampung Bukit Lembu Mukim Kedawang 07000 Langkawi Kedah Darul Aman	Malaysian	58	Director
Too Kok Leng (<i>Independent Non-Executive Director</i>)	No. 12-C, Jalan Kelana Makmor 70200 Seremban Negeri Sembilan Darul Khusus	Malaysian	56	Director
Roslan Bin Mohd. Latif (<i>Independent Non-Executive Director</i>)	No. 16, Lorong Rahim Kajai 11 Taman Tun Dr. Ismail 60000 Kuala Lumpur Wilayah Persekutuan	Malaysian	60	Director
Datuk Seri Mohamad Norza Bin Haji Zakaria (<i>Independent Non-Executive Director</i>)	No. 81, Jalan 32/70A Kiara Hills Desa Sri Hartamas 50480 Kuala Lumpur Wilayah Persekutuan	Malaysian	48	Director
Dr. Samad Bin Solbai (<i>Independent Non-Executive Director</i>)	62, Jalan SP 9/1 Bandar Seri Putra 43000 Kajang Selangor Darul Ehsan	Malaysian	63	Director
Dato' Dr. Md. Yusop Bin Omar (<i>Independent Non-Executive Director</i>)	34, Jalan 16/6 46350 Petaling Jaya Selangor Darul Ehsan	Malaysian	62	Director

AUDIT COMMITTEE

Name	Designation	Directorship
Datuk Seri Mohamad Norza Bin Haji Zakaria	Chairman	Independent Non-Executive Director
Too Kok Leng	Member	Independent Non-Executive Director
Dr. Samad Bin Solbai	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARIES : Chua Siew Chuan (MAICSA 0777689)
No. 6, Jalan SS 14/8E
Subang Jaya
47500 Petaling Jaya
Selangor Darul Ehsan

Tan Ley Theng (MAICSA 7030358)
203, Jalan Sri Petaling 2
Bandar Baru Sri Petaling
57000 Kuala Lumpur
Wilayah Persekutuan

REGISTERED OFFICE : Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Tel no: (603) 2084 9000
Fax no: (603) 2094 9940

CORPORATE OFFICE : Unit A, Level 26, Menara Bank Islam
No. 22 Jalan Perak
50450 Kuala Lumpur

Tel no: (603) 2787 9000
Fax no: (603) 2787 9001
E-mail: investor_enquiry@thhe.com.my
Website: www.thhe.com.my

AUDITORS : Deloitte
Chartered Accountants
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur

Tel no: (603) 7610 8888
Fax no: (603) 7726 8986

REPORTING ACCOUNTANTS : Deloitte & Touche
Chartered Accountants
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur

Tel no: (603) 7610 8888
Fax no: (603) 7726 8986

SHARE REGISTRAR : Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Tel no: (603) 2084 9000
Fax no: (603) 2094 9940/2095 0292

CORPORATE DIRECTORY (Cont'd)

PRINCIPAL BANKERS

: Export-Import Bank of Malaysia Berhad
Level 1, EXIM Bank
Jalan Sultan Ismail
50250 Kuala Lumpur

Tel no: (603) 2601 2086
Fax no: (603) 2601 2453

Maybank Islamic Berhad
Level 1, Tower A
Dataran Maybank
No.1, Jln Maarof
59000 Kuala Lumpur

Tel no: (603) 2283 1020
Fax no: (603) 2282 2253

Asian Finance Bank Berhad
Ground Floor Podium Block
Kenanga International
Jln Sultan Ismail
50250 Kuala Lumpur

Tel no: (603) 2079 1000
Fax no: (603) 2079 1100

Al Rajhi Banking & Investment Corporation (Malaysia)
Bhd
Kelana Jaya Branch, A-G-12
Dataran Glomac, Pusat Bandar Kelana Jaya
Jalan SS 6/5A
47301 Selangor

Tel no: (603) 2301 7350
Fax no: (603) 7805 3585

Affin Islamic Bank Berhad
Ground Floor, Menara Affin
80, Jalan Raja Chulan
50200 Kuala Lumpur

Tel no: (603) 2055 9309
Fax no: (603) 2026 6402

**SOLICITORS FOR THE RIGHTS
ISSUE OF ICPS-i**

: Shahrizat Rashid & Lee
Level 12, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Tel no: (603) 2710 5555
Fax no: (603) 2710 3104

CORPORATE DIRECTORY (Cont'd)

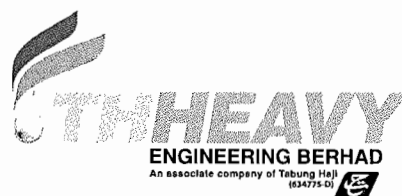
ADVISER : Hong Leong Investment Bank Berhad
Level 23, Menara HLA
No. 3 Jalan Kia Peng
50450 Kuala Lumpur

Tel no: (603) 2168 1168
Fax no: (603) 2164 8880

SHARIAH ADVISER : Hong Leong Islamic Bank Berhad
Level 1, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur

Tel no: (603) 2164 3939
Fax no: (603) 2161 1278

STOCK EXCHANGE LISTED : Main Market of Bursa Securities



TH HEAVY ENGINEERING BERHAD
(Company No. 634775-D)
(Incorporated in Malaysia under the Companies Act 1965)

Registered Office:

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

14 August 2015

Board of Directors:

Dato' Azizan Bin Abd. Rahman	<i>(Non-Independent Non-Executive Director/Chairman)</i>
Nusrul Bin Danir	<i>(Executive Director/Acting Chief Executive Officer)</i>
Too Kok Leng	<i>(Independent Non-Executive Director)</i>
Roslan Bin Mohd. Latif	<i>(Independent Non-Executive Director)</i>
Datuk Seri Mohamad Norza Bin Haji Zakaria	<i>(Independent Non-Executive Director)</i>
Dr. Samad Bin Solbai	<i>(Independent Non-Executive Director)</i>
Dato' Dr. Md. Yusop Bin Omar	<i>(Independent Non-Executive Director)</i>

To: Our shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,195,815,669 ICPS-i OF RM0.25 EACH IN THHE AT AN ISSUE PRICE OF RM0.25 FOR EACH ICPS-i ON THE BASIS OF 16 ICPS-i FOR EVERY 15 EXISTING THHE SHARES HELD ON THE ENTITLEMENT DATE

1. INTRODUCTION

On 13 February 2015, HLIB, on behalf of our Board, announced that our Company proposed to undertake, *inter alia*, the Rights Issue of ICPS-i.

Subsequently, on 8 April 2015, HLIB, on behalf of our Board, announced that Bursa Securities had, via its letter dated 7 April 2015, given its approval for the admission of up to 1,200,000,000 ICPS-i to the Official List of Bursa Securities, the listing of and quotation for up to 1,200,000,000 ICPS-i to be issued pursuant to the Rights Issue of ICPS-i as well as the listing of and quotation for up to 1,200,000,000 new THHE Shares to be issued pursuant to the conversion of the ICPS-i on the Main Market of Bursa Securities.

The approval of Bursa Securities is subject to, *inter alia*, the following conditions:

Conditions	Status of compliance
(i) Our Company and HLIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of ICPS-i;	Noted.
(ii) Our Company and HLIB to inform Bursa Securities upon the completion of the Rights Issue of ICPS-i;	To be complied.
(iii) 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 ICPS-i is completed;	To be complied.
(iv) Our Company to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders at an extraordinary general meeting for the Rights Issue of ICPS-i; and	Complied.
(v) Our Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of the ICPS-i as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied.

Our shareholders had, at our EGM held on 28 May 2015, approved, *inter alia*, the Rights Issue of ICPS-i. A certified true extract of the resolutions pertaining to the Rights Issue of ICPS-i passed at the said EGM is set out in Appendix I of this Abridged Prospectus.

On 31 July 2015, HLIB, on behalf of our Board, announced that the entitlement basis for the Rights Issue of ICPS-i has been fixed at 16 ICPS-i for every 15 existing THHE Shares held. On even date, HLIB, on behalf of our Board, also announced that the Entitlement Date for the Rights Issue of ICPS-i had been fixed at 5.00 p.m. on 14 August 2015.

The official listing of and quotation for the ICPS-i to be issued pursuant to the Rights Issue of ICPS-i will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of our Entitled Shareholders and/or their renounee(s) and/or transferee(s) have been duly credited and notices of allotment have been despatched to them.

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

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. RIGHTS ISSUE OF ICPS-i

2.1 Details of the Rights Issue of ICPS-i

Our Company shall provisionally allot up to 1,195,815,669 ICPS-i to our Entitled Shareholders on the basis of 16 ICPS-i for every 15 existing THHE Shares held on the Entitlement Date. In determining your entitlements to the Rights Issue of ICPS-i, any fractional entitlements under the Rights Issue of ICPS-i will be disregarded and shall be dealt with in such manner as our Board shall in its absolute discretion deem fit or expedient and in the best interest of our Company.

The Rights Issue of ICPS-i is renounceable in full or in part. Accordingly, you can subscribe for and/or renounce and/or transfer your entitlements to the ICPS-i in full or in part.

Any ICPS-i which are not subscribed or not validly subscribed shall be made available for excess applications by the other Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) in a fair and equitable manner and on a basis as set out in Section 10.7 of this Abridged Prospectus.

Any dealings in the ICPS-i will be subject to the provisions of the SICDA and the Rules of Bursa Depository. Accordingly, upon allotment and issuance by our Company, the ICPS-i will be credited directly into the respective CDS Accounts of the successful applicants. No physical ICPS-i certificate will be issued but notices of allotment will be despatched to the successful applicants.

As an Entitled Shareholder, you will find enclosed with this Abridged Prospectus the NPA setting out the number of Provisional ICPS-i which you are entitled to subscribe for and the RSF which is to be used for the acceptance of the Provisional ICPS-i and for the Excess Application, should you wish to do so.

YOU SHOULD READ THIS ABRIDGED PROSPECTUS IN ITS ENTIRETY BEFORE MAKING A DECISION.

2.2 Basis and justification for determining the issue price and Conversion Price

The ICPS-i will be issued at its par value of RM0.25 per ICPS-i. The Conversion Rate of the ICPS-i has been fixed at 1 new THHE Share for every ICPS-i held. The issue price for the ICPS-i and the Conversion Rate were determined after taking into consideration the prevailing market conditions, market price of THHE Shares prior to the announcement of the Rights Issue of ICPS-i on 13 February 2015, the par value of THHE Shares as well as the gross proceeds of up to RM300,000,000 intended to be raised by our Company.

Based on the Conversion Rate and the par value of the ICPS-i, the conversion price derived is RM0.25 for every new THHE Share ("**Implied Conversion Price**"). Based on the entitlement basis of 16 ICPS-i for every 15 existing THHE Shares and the 5-day volume-weighted average market price of THHE Shares up to and including the LTD of RM0.3966, the Implied Conversion Price represents a discount of approximately 22.10% to the TERP of RM0.3209. In determining the discount to the prevailing market price, our Board has taken into consideration the level of discount that is likely to encourage broad participation in the Rights Issue of ICPS-i by our Entitled Shareholders, while at the same time enabling our Company to raise the required funds. Our Board deems that the discount to the TERP, which is in line with the range of discounts observed in precedent rights issue exercises, is reasonably attractive to encourage shareholders' participation in the Rights Issue of ICPS-i after taking into consideration the prospects and future growth of our Company.

2.3 Indicative salient terms of the ICPS-i

The indicative salient terms of the ICPS-i are set out below:

Issuer	:	THHE
Par Value	:	RM0.25 per ICPS-i.
Issue Size	:	Up to RM298,953,917.25 in value of ICPS-i comprising up to 1,195,815,669 ICPS-i of RM0.25 each.
Issue Price	:	RM0.25 per ICPS-i.
Form and Denomination	:	The ICPS-i will be issued in registered form and in denominations or multiples of RM0.25 each and as constituted by the M&A.
Board Lot	:	For the purpose of trading on Bursa Securities, a board lot of ICPS-i will be 100 ICPS-i or in such other denomination as may be permitted by Bursa Securities from time to time.
Tenure	:	5 years commencing from and inclusive of the date of issuance of the ICPS-i.
Maturity Date	:	The day immediately preceding the 5 th anniversary from the date of issuance of the ICPS-i. If the maturity date is not a Market Day, then maturity date shall be the Market Day immediately following such date.
Dividend Rate	:	Our Company shall (at our discretion and subject to the availability of distributable profits) pay out a targeted aggregate dividend rate of 20% calculated based on the nominal value of the ICPS-i, which shall be payable throughout the tenure of the ICPS-i as per the table below:

Year	Targeted Dividend Rate
1	3.0% per annum
2	3.5% per annum
3	4.0% per annum
4	4.5% per annum
5	5.0% per annum

The dividends, if declared, shall be payable annually in arrears, subject to availability of distributable profits. Although annual payments are anticipated as per the table above, our Company may defer, in part or in whole, such payments subject to availability of distributable profits ("**Deferred Dividends**"). For the avoidance of doubt, our Company is not obliged to pay any dividends or Deferred Dividends, as the case may be, in the event it has insufficient distributable profits.

Each ICPS-i will cease to receive dividends from and including the date the ICPS-i is converted into new THHE Shares save for dividends declared and unpaid up to the date the notice is received by our Company for the ICPS-i holder to convert the ICPS-i into THHE Shares.

The ICPS-i shall not confer any further rights of participation in the profits of our Company.

Redemption	:	Not redeemable for cash.
Transferability	:	The ICPS-i shall be transferable.

Conversion Rights : The ICPS-i shall be convertible, at the option of the ICPS-i holder, at any time during the Conversion Period without the payment of additional consideration by the ICPS-i holder thereof, into such number of fully-paid THHE Shares at the Conversion Rate.

If the conversion results in a fractional entitlement to ordinary shares of our Company, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of ICPS-i, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.

Conversion Period : The ICPS-i shall be converted at any time from the date of issue and up to the Maturity Date (both dates inclusive).

Any remaining ICPS-i that are not converted by the Maturity Date shall be automatically converted into new THHE Shares without the payment of additional consideration by the ICPS-i holder, into such number of fully-paid THHE Shares at the Conversion Rate.

Conversion Rate : 1 new THHE Share for 1 ICPS-i held.

For the avoidance of doubt, no cash is payable by the holder(s) of the ICPS-i upon conversion of the ICPS-i into THHE Shares.

Adjustment to Conversion Rate : The Conversion Rate will be adjusted from time to time at the determination of our Board in the event of alteration to our share capital on or before the Maturity Date such as by way of alteration of the par value of THHE Shares by reason of consolidation or subdivision, bonus issue of fully paid-up THHE Shares or any other capitalisation issue, reduction of capital or under any other circumstances that are deemed necessary by our Board.

No adjustment to the Conversion Rate shall be made unless it has been certified by a professional adviser or our external auditors. Under no circumstances will any adjustment result in the Conversion Rate falling below the par value of THHE Shares.

Voting rights : An ICPS-i does not carry any right to vote at any general meeting of our Company except for the right to vote in person or by proxy or by attorney at such meeting in each of the following circumstances:

- (i) when the dividend or part of the dividend payable on the ICPS-i is in arrears for more than 12 months;
- (ii) upon any resolution which varies or is deemed to vary the rights and privileges attaching to the ICPS-i;
- (iii) upon any resolution for the winding up of our Company; and
- (iv) other circumstances as may be provided under law and applicable to preference shares and/ or preference shareholders from time to time.

In any such case, the ICPS-i holders shall be entitled to vote together with our shareholders and exercise 1 vote for each ICPS-i held.

Right to receive notices, reports and attend meetings : The ICPS-i holders shall have the same rights as ordinary shareholders in relation to receiving notices, reports and audited financial statements, and attending general meetings of our Company.

- Ranking of ICPS-i : The ICPS-i will rank *pari passu* amongst all ICPS-i in all respects and without discrimination or preference. The ICPS-i will rank ahead in regards to payment of dividends in all classes of shares in our Company, subject to ratification by our Board at the point of dividend distribution.
- Changes in capital : Our Company may create and issue further preference shares ranking in all respects *pari passu* with, but not ranking in priority to the ICPS-i save with the prior approval of the ICPS-i holders.
- Priority on winding-up or liquidation : The ICPS-i will rank in priority to THHE Shares in any distribution of assets in the event of liquidation, dissolution, winding-up, reduction of capital or other payment of capital (other than on redemption of any other class of redeemable shares) of our Company, subject to ratification by our Board at the point of the liquidation, dissolution or winding-up of our Company.
- Listing : Bursa Securities had, via its letter dated 7 April 2015, approved the admission of up to 1,200,000,000 ICPS-i to the Official List of Bursa Securities, the listing of and quotation for up to 1,200,000,000 ICPS-i to be issued pursuant to the Rights Issue of ICPS-i as well as the listing of and quotation for up to 1,200,000,000 new THHE Shares to be issued pursuant to the conversion of the ICPS-i on the Main Market of Bursa Securities subject to the conditions disclosed in Section 1 of this Abridged Prospectus.
- Ranking and rights of new THHE Shares to be issued arising from the conversion of the ICPS-i : The new THHE Shares to be issued upon conversion of the ICPS-i shall, upon allotment and issuance, rank *pari passu* in all respects with the existing THHE Shares at that time, except that the holder of the new THHE Shares shall not be entitled to participate in any dividends, rights, allotments and/or any other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the new THHE Shares arising from the conversion of the ICPS-i.
- Listing status of new THHE Shares : The new THHE Shares to be issued upon conversion of the ICPS-i will be listed and quoted on the Main Market of Bursa Securities.
- Governing law : Laws of Malaysia.

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3. MINIMUM SUBSCRIPTION LEVEL, SHAREHOLDER'S UNDERTAKING AND UNDERWRITING ARRANGEMENTS

3.1 Shareholder's undertaking

The Rights Issue of ICPS-i will be undertaken on a Minimum Subscription Level basis. The Minimum Subscription Level has been determined by our Board after taking into consideration, amongst others, the gearing level of our Group as well as the minimum level of funds that our Company wishes to raise from the Rights Issue of ICPS-i that are expected to be channeled towards the utilisation of proceeds as set out in Section 4 of this Abridged Prospectus.

To meet the Minimum Subscription Level, our Company has on 30 April 2015 procured the Undertaking and Additional Undertaking from LTH to subscribe for up to 1,100,000 ICPS-i in aggregate, pursuant to the Rights Issue of ICPS-i.

Details of the Undertaking and Additional Undertaking by LTH are set out below:

Shareholding as at the LPD	Entitlement under the Rights Issue of ICPS-i		No. of ICPS-i to be subscribed under the Rights Issue of ICPS-i ⁽¹⁾		Total					
	No. of Shares '000	(2)%	No. of ICPS-i '000	%		No. of ICPS-i '000	%			
LTH	334,162	29.81	356,440	(3)29.81	356,440	(3)29.81	743,560	(3)62.18	1,100,000	(3)91.99

Notes:

(1) Assuming none of our Entitled Shareholders subscribe for their entitlements under the Rights Issue of ICPS-i.

(2) Based on 1,121,077,190 Shares in issue as at the LPD.

(3) Based on up to 1,195,815,669 ICPS-i to be issued under the Rights Issue of ICPS-i.

LTH has confirmed and HLIB has verified, to the extent possible, that LTH has sufficient financial resources to subscribe for its entitlement of 356,439,580 ICPS-i as well as to subscribe for up to 743,560,420 ICPS-i pursuant to the Undertaking and Additional Undertaking respectively.

3.2 Underwriting arrangements

In view of the Undertaking and Additional Undertaking, our Company will not enter into any underwriting arrangement for the remaining portion of 95,815,669 ICPS-i representing 8.01% of the total ICPS-i available for subscription.

3.3 Implications of the Code

There will not be any immediate implications under the Code arising from the allotment and issuance of the ICPS-i pursuant to the Undertaking and Additional Undertaking as the ICPS-i do not carry voting rights in our Company (save as disclosed in Section 2.3 of this Abridged Prospectus under "voting rights") until and unless they are converted into new THHE Shares. However, the conversion of the ICPS-i held by LTH may trigger the provisions of the Code.

As at the LPD, LTH holds 334,162,107 THHE Shares, representing approximately 29.81% of the issued and paid-up share capital of our Company. Assuming none of our Entitled Shareholders subscribe for their entitlements under the Rights Issue of ICPS-i, LTH will be issued 1,100,000,000 ICPS-i. Assuming full conversion of the ICPS-i based on the Conversion Rate, the shareholding of LTH may potentially increase from 29.81% to 64.57%. However, the actual shareholding of LTH would depend on, amongst others, the timing and actual number of ICPS-i held which are converted into new THHE Shares.

The conversion of the ICPS-i held by LTH may result in the shareholding of LTH exceeding 33% of the voting shares in our Company at any point in time. In such event, LTH would be obliged to extend a mandatory take-over offer for all the remaining THHE Shares and convertible securities not already owned by it pursuant to the Code.

In this regard, LTH has confirmed that it will observe and comply at all times with the provisions of the Code.

3.4 Public shareholding spread

The Rights Issue of ICPS-i will have no immediate impact on the public shareholding spread until such time as the ICPS-i are converted into new THHE Shares.

For illustration purposes, based on our Company's Record of Depositors as at the LPD and assuming that none of our Entitled Shareholders subscribe for their entitlements under the Rights Issue of ICPS-i, our public shareholding spread is expected to fall from 70.19% to 35.43% in the event LTH converts all its ICPS-i into new THHE Shares.

Our Company would still be in compliance with the public shareholding spread requirement pursuant to Paragraph 8.02 of the Listing Requirements, whereby at least 25.0% of a listed corporation's total listed shares (excluding treasury shares) or such lesser percentage as may be approved by Bursa Securities is required to be held by public shareholders.

4. UTILISATION OF PROCEEDS

The Rights Issue of ICPS-i is expected to raise gross proceeds of up to approximately RM299.0 million. The gross proceeds are expected to be utilised as follows:

Details of utilisation	Minimum Scenario (RM million)	Maximum Scenario (RM million)	Estimated timeframe for utilisation of proceeds from the date of listing of the ICPS-i
(i) Capital expenditure	169.7	169.7	Within 24 months
(ii) Working capital	51.3	75.3	Within 18 months
(iii) Repayment of debt	50.0	50.0	Within 12 months
(iv) Defray estimated expenses in relation to the Corporate Exercises	4.0	4.0	Within 3 months
Total	275.0	299.0	

The details of the utilisation of proceeds are as follows:

(i) Capital expenditure

Our Group expects to utilise the proceeds from the Rights Issue of ICPS-i for our Group's capital expenditure requirements in the following manner:

Subsidiaries	Details of the utilisation	RM million
Floatech	To part finance the expenditure for the conversion of our FPSO, "FPSO Layang", pursuant to the contract award from JX Nippon ⁽¹⁾	152.0
THF	Expenditure for the upgrading of our Pulau Indah Fabrication Yard, comprising mainly yard capacity expansion, upgrading and construction of additional facilities, as well as purchase of additional fabrication equipment and tools ⁽²⁾	13.2
OGW	Investment in tools and machineries, software and purchase/manufacture of cranes for subsequent rental	4.5
	Total capital expenditure	169.7

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Notes:

- (1) On 9 May 2014, our Group secured a contract for our FPSO Layang with JX Nippon and soon after, commenced the conversion of the FPSO to meet the specifications required by JX Nippon. The conversion of the FPSO involves the conversion of a partially converted FPSO (which was intended by previous owners for oil service) to a FPSO for gas service. The total costs for the conversion of the FPSO is estimated at USD230.0 million or approximately RM875.7 million (based on the foreign exchange middle rate of USD1.00:RM3.8075 as published by BNM on the LPD), of which RM152.0 million will be funded by the proceeds to be raised from the Rights Issue of ICPS-i while the remaining balance of RM723.7 million will be financed through syndicated loans and internally generated funds. The converted FPSO is expected to have gas compression facilities of 180 million metric standard cubic feet per day ("**mmscfd**"), condensate separation system with a processing capacity of approximately 17,000 bpd, produced water handling system with a capacity of 5,000 bpd, storage capacity of close to 504,000 barrels, accommodation facilities and a landing deck for helicopters. The estimated lifespan of the converted FPSO is 20 years. Further information on the contract awarded by JX Nippon is set out in Section 7.4 of this Abridged Prospectus.
- (2) In early 2013, our Group had committed to upgrade our Pulau Indah Fabrication Yard to increase the throughput and loading capacity of the yard ("**Yard Upgrading Programme**"). The Yard Upgrading Programme involves 2 main components, being the construction of a new wharf and the improvement of the existing yard facilities. Upon completion of the Yard Upgrading Programme, our Pulau Indah Fabrication Yard's loading capacity is expected to increase from 3,000 metric tonnes ("**MT**") per loading to 10,000 MT per loading with the addition of a new wharf. The throughput capacity is expected to increase from 10,000 MT per annum to 20,000 MT per annum upon full completion of the Yard Upgrading Programme. The estimated total cost for the Yard Upgrading Programme is approximately RM112.6 million, of which approximately RM91.0 million has been incurred and paid as at LPD, and the remaining balance will be funded by the proceeds to be raised from the Rights Issue of ICPS-i as well as from internally generated funds. Although the utilisation rate of our Pulau Indah Fabrication Yard is approximately 21% currently, our Group still plans to continue our ongoing initiatives under the Yard Upgrading Programme to enable our Group to remain competitive in the industry, increase efficiency and productivity by having new automated equipment as well as to allow our Group to be rated as a Tier 1 Fabrication Yard by PETRONAS, which would enable our Group to bid for bigger and more complex projects in the future. This would also enable us to differentiate ourselves from other smaller major fabrication players in Malaysia.

Any surplus or shortfall in the actual amount allocated to any of the above subsidiaries will be adjusted accordingly to/from the amount allocated to other subsidiaries, and any surplus or shortfall in the total allocation for capital expenditure will be adjusted accordingly to/from the portion being earmarked for the working capital of our Group.

(ii) **Working capital**

The working capital will be utilised for the day-to-day operations of our Group to support our existing business operations. The exact proceeds to be utilised for each component of the working capital has not been determined at this juncture as it would depend on the operating requirements of our Group at the time of utilisation.

For illustration purposes only, the proceeds are anticipated to be utilised in the following manner:

	Minimum Scenario RM '000	Maximum Scenario RM '000
Operating expenses ⁽¹⁾	41,029	41,029
Payables and other contingencies ⁽²⁾	9,735	33,735
Renovation costs ⁽³⁾	536	536
Total	51,300	75,300

Notes:

- (1) *Operating expenses include but are not limited to management and employees expenses such as salaries, wages, allowances and statutory contributions, audit fees, rental, utilities, marketing expenses such as exhibition and travelling costs, and other operating expenses such as printing, stationeries, postage, repair and maintenance of office furniture and equipment.*
- (2) *Payables include payment of trade and other payables such as payment to suppliers and consultants.*
- (3) *Renovation costs comprise expenses relating to the renovation of our new corporate office.*

(iii) Repayment of debt

As at the LPD, the total debt of our Group stood at approximately RM527.7 million. Our Company intends to utilise RM50.0 million of the proceeds raised from the Rights Issue of ICPS-i to pare down the existing debts of our Group. Based on our weighted average cost of borrowings of approximately 5.7% per annum as at the LPD, such repayments are expected to result in annual profit savings of approximately RM2.9 million.

(iv) Defray estimated expenses in relation to the Corporate Exercises

The estimated expenses relating to the Corporate Exercises comprise, amongst others, the professional fees, fees payable to the relevant authorities, printing costs of the circular despatched to our shareholders and this Abridged Prospectus and other miscellaneous expenses. Any surplus or shortfall in the amount allocated for the estimated expenses of the Corporate Exercises will be adjusted accordingly to/from the portion being earmarked for the working capital of our Group.

The actual gross proceeds to be raised cannot be determined at this juncture as it would depend on the number of ICPS-i to be issued and the subscription level for the ICPS-i. If the actual gross proceeds raised from the Rights Issue of ICPS-i is above the Minimum Subscription Level, the excess proceeds will be utilised for the working capital of our Group.

Pending the utilisation of the proceeds raised from the Rights Issue of ICPS-i, the proceeds will be placed in profit-bearing deposit accounts or investments in money markets as our Board may deem fit and in the best interest of our Company.

5. RATIONALE FOR THE RIGHTS ISSUE OF ICPS-i

The Rights Issue of ICPS-i is undertaken to raise funds for the purposes as stated in Section 4 above which are expected to contribute positively to the future performance of our Group.

After due consideration of the various fund raising options available, our Board is of the view that the Rights Issue of ICPS-i is the most appropriate avenue of fund raising after taking into consideration, amongst others, the following factors:

- (i) the Rights Issue of ICPS-i will provide our Group with funding at a cost equivalent to the dividend rate of between 3.0% and 5.0% per annum, which is relatively lower than our Group's weighted average cost of borrowings of approximately 5.7% per annum as at the LPD. Further, the dividend rate is fixed and will not be subject to any fluctuations;
- (ii) the issuance of ICPS-i will minimise the immediate dilution of the EPS of our Group, which would otherwise arise from a full issuance of equity capital;
- (iii) provide our Entitled Shareholders with an opportunity to further increase their equity participation in our Company via the conversion of the ICPS-i into THHE Shares, and thereafter in the prospects and future growth of our Group; and
- (iv) further strengthen our Company's capital base and improve our gearing levels.

6. RISK FACTORS

You should carefully consider, in addition to other information contained in this Abridged Prospectus, the following key risk factors before subscribing for or investing in the Rights Issue of ICPS-i.

6.1 Risks relating to our Group's business and the industry in which we operate

6.1.1 We are dependent on the upstream O&G industry

As our customers operate mainly in the upstream O&G industry, our operations are highly dependent on the level of activity in exploration, development and production of oil and gas as well as the corresponding capital expenditure by the O&G companies. The levels of these activities are in turn dependent on crude oil prices and the laws, regulations and policies governing the O&G industry. Accordingly, the demand for our services is inherently linked to the volatility and unpredictability of the prices of crude oil. For instance, when there is a plunge in oil prices, O&G companies may defer or reduce their planned exploration, development or production expenditure as certain O&G reserves are no longer commercially viable at low oil prices. This may reduce the demand for our FPSO and services and consequently the business and/or financial position of our Group may be adversely affected.

Notwithstanding the above, as our Group is currently involved in the O&G industry, our Board does not foresee additional risks arising from the Rights Issue of ICPS-i beyond which our Group is not already exposed to. Furthermore, our Group is exploring opportunities in downstream fabrication such as refinery and petrochemical integrated development project ("RAPID") as well as fabrication for non-O&G markets such as defence and infrastructure to diversify our business activities. In addition, our Company is also exploring the possibility of fabricating parts for palm oil mill plants to capitalise on the synergistic opportunities within the LTH group of companies.

6.1.2 Licensing and regulatory risks

Our Group is subject to licensing requirements and regulations in jurisdictions in which we provide our fabrication, EPCIC and crane services and operate our FPSO. The regulations govern, amongst others, our workers' health and safety, construction as well as the operation of our FPSO. Our Group may have to incur higher compliance costs in the event of changes or introduction of new regulations and/or licensing requirements. Our Group may also be subject to fines or penalties for non-compliance of the standards or regulations of the industry in which we operate. We may also be forced to discontinue our operations in the event our licenses or permits are revoked by the relevant authorities for failing to comply with the required standards or regulations. The potential liabilities arising from such events would adversely affect our business and/or financial position of our Group and may also affect our Group's reputation.

To mitigate such risks, our Group has put in place legal and compliance framework to monitor our Group's continued compliance with regulations, relevant laws and licensing conditions. Through this framework, our Group will also endeavour to comply with future applicable regulations, laws and licensing conditions as they are introduced or amended.

6.1.3 Dependence on contracts

Our Group is engaged in a highly competitive industry and is dependent on a number of contracts which have been entered into on a fixed-price basis, subject to specific terms and conditions for a specific time period. Further, some of our contracts specify minimum performance requirements, all of which have to be met in order for our Group to fulfil our obligations under the said contracts. These risks are generally inherent in the industry in which we operate. In the event that these risks are not adequately addressed, our Group's profitability may be materially affected.

These risks include, amongst others, the following:

- (i) delays in the completion of our EPCIC works or inability to meet the performance requirements specified in our contracts, which may result in the termination of our contracts, potential penalties or liquidated damages;
- (ii) cost overruns associated with our fixed-price contracts where there are limited provisions for price escalation and we are not able to pass on any increases in costs to our customers; and
- (iii) inability to obtain compensation for additional work done or expenses incurred as a result of order variations, faulty equipment or materials.

Our Group is also dependent on JX Nippon which is expected to contribute significantly towards our revenue from the FYE 31 December 2016 when the primary lease period of our FPSO Layang commences. In the event of an early termination of the contract and our Group is unable to secure contract of comparable size and margins from other customers within a reasonable timeframe, our financial condition and profitability would be materially and adversely affected.

Our Group seeks to mitigate these risks by building and maintaining close business relationships with our customers. At the same time, our Group also closely monitors the progress of our contracts and implements effective human resource planning in order for our projects to be completed on schedule and satisfactorily delivered to our customers. Our Group also seeks to reduce our reliance or risk exposure to any single customer by embarking on various initiatives to diversify our earnings base. As part of these initiatives, our Group has expanded into crane refurbishment, crane maintenance and manufacturing of skids for FPSOs.

6.1.4 Our FPSO business may be subject to significant operating risks

Our FPSO Layang is designed and equipped according to specifications from our customer, JX Nippon. Our contract is structured to secure an expected return on investment within the contracted period. However, there can be no assurance that our FPSO Layang will achieve the expected returns due to the risk of penalty payments and accidents.

In line with industry practice, our Group's charter contract for our FPSO contains clauses which give JX Nippon the right of early termination. The contract may be terminated by JX Nippon under specified conditions and in certain cases, with related compensation for cause upon the occurrence of certain events, *inter alia*, as follows:

- (i) non-performance of any undertakings or obligations;
- (ii) breach of JX Nippon's health, safety and environmental policy and requirements; and

- (iii) *force majeure* events such as loss or seizure of vessel or unavailability of the vessel due to reasons such as confiscation or requisition by the government of the jurisdiction i.e. Malaysia under which the vessel operates and/or is registered.

Whether our FPSO contract with JX Nippon is extended may be dependent on factors such as decline in O&G reservoir reserves, changes in vessel specifications and/or lower O&G prices. In the event our FPSO contract with JX Nippon is not extended beyond its primary lease period of approximately 7.4 years, our Group may not be able to redeploy our FPSO until we are able to secure a replacement contract. A replacement contract may not be negotiated within a reasonable timeframe in view of the lengthy processes involved. Also, we may not be able to redeploy our FPSO Layang at the same rate or without incurring additional conversion costs, or redeploy our FPSO Layang at all.

In order to limit execution risk, our Group endeavours to adhere to all the terms and conditions of our FPSO contract as well as to maintain a close working relationship with JX Nippon so that issues, if any, can be promptly addressed and resolved. Additionally, the project management team from JX Nippon is also fully involved in all aspects of the conversion of our FPSO Layang which includes the EPCIC works and the initial start-up.

6.1.5 Competition risk

Our Group constantly faces competition from other O&G service providers in the fabrication, EPCIC and crane business who may have longer operating histories, greater financial, technical and marketing resources and therefore, may have a competitive advantage in bidding for contracts.

To mitigate competition risk in the O&G industry, our Group has undertaken to upgrade our Pulau Indah Fabrication Yard, as disclosed in Section 4(i) of this Abridged Prospectus, to allow our Group to remain competitive and bid for bigger contracts in the future. However, there can be no assurance that our Group will be able to withstand competition from other competitors in the market and gain market share. Should our existing or new competitors offer services at a lower cost or engage in aggressive pricing in order to increase their market share, our revenue may decline if we are unable to match their costs or aggressive pricing. We may, therefore, have to provide more competitive pricing in order to attract new customers or to retain our existing customers. However, a reduction in our pricing without any corresponding cost reduction may materially affect our profitability and financial condition.

6.1.6 Dependence on third party sub-contractors

Our Group sub-contracts certain portions of its contracts such as structural and piping related works. Where we sub-contract such works, our Group may not be able to control the timely delivery and the quality of work sub-contracted. Any unsatisfactory performance will lead to our Group's costs exceeding its estimates as work will likely have to be redone. Unanticipated delay will also cause our Group to incur substantial costs as our Group may be required to divert more resources to complete projects within the timeframe stipulated or incur penalties in the event the completion of the project is delayed. As our Group may not be able to pass on these higher costs to our customers, our Group's profitability may be adversely affected.

Our Group seeks to mitigate this risk by being stringent in the selection process of sub-contractors such that only sub-contractors with proven track records and adequate financial resources are engaged to undertake structural and piping related works in our EPCIC projects. Moreover, our Group may seek recourse against sub-contractors who fail to deliver on time or do not meet contractual quality standards by seeking liquidated and ascertained damages and/or other forms of compensation to minimise the impact on its profitability.

6.1.7 Credit risks of customers

Our Group is exposed to the risks of late payment or default by our customers. Our Group may experience delays in the collection of payments for our services and in extreme cases, our Group may not be able to collect our receivables and would have to make provisions for doubtful debts and/or write-off our receivables as bad debts. These would adversely affect our profitability.

To mitigate the risk of defaults by our customers, our Group assesses the financial and credit position of our potential customers as well as carries out checks on their reputation before being contracted to provide our services. Nevertheless, there can be no assurance that there will be timely payment or no default by our customers.

6.1.8 Dependence on award of new contracts

The revenues of our Group from our fabrication and EPCIC services are largely derived from short-term (i.e. within 12 months) to medium-term (i.e. within 24 months) contracts. The awarding of such contracts are unpredictable as they, at most times, involve lengthy and complex bidding and selection process. Also, the bidding costs associated with the tendering for new contracts may not result in the award of these new contracts to us.

Nonetheless, our Group seeks to diversify our earnings base beyond our core business of major fabrication for the O&G market. Our Group has accumulated new PETRONAS registration and licence categories in crane manufacturing and is also exploring downstream fabrication as well as fabrication for the non-O&G markets as mentioned in Section 6.1.1 above.

6.1.9 We are exposed to risks arising from foreign exchange fluctuations

Our fabrication, EPCIC and crane customer contracts and operating costs are primarily denominated in RM with a small portion denominated in foreign currency. On the other hand, our FPSO Layang's lease revenue and capital expenditure are primarily denominated in USD with a small portion denominated in foreign currency. We also have foreign currency denominated assets and liabilities. As we report our consolidated financial statements in RM, we are exposed to translation risk due to foreign exchange fluctuations.

Our Group manages material foreign exchange exposure risk via natural hedge as and when it arises by passing on these risks to our customers in price negotiations or whenever it is not possible to do so, we may enter into foreign exchange contract to hedge our exposure. However, there can be no assurance that exchange rate fluctuations will not materially affect our Group's financial performance.

6.2 Risks relating to the Rights Issue of ICPS-i

6.2.1 No prior market for the ICPS-i

The ICPS-i comprises a new issuance of securities for which there is currently no public market. No assurance can be given that an active market for the ICPS-i will develop upon or subsequent to the listing of and quotation for the ICPS-i on the Main Market of Bursa Securities or, if developed, that such a market will be sustainable or adequately liquid during the tenure of the ICPS-i.

The market price of the ICPS-i, like other securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the market price of the underlying THHE Shares, interest rate movements, trades of substantial amounts of the ICPS-i on Bursa Securities in the future, corporate developments as well as the future prospects of the O&G industry.

There is no assurance that the market price of the ICPS-i will trade at or above its issue price of RM0.25 subsequent to its listing.

6.2.2 Delay in or abortion of the Rights Issue of ICPS-i

The Rights Issue of ICPS-i is exposed to the risk that it may be delayed or aborted if there is a material adverse change of events/circumstances which is beyond the control of our Company arising during the implementation of the Rights Issue of ICPS-i.

Notwithstanding the risk, we will exercise our best endeavor to ensure that the Rights Issue of ICPS-i is successfully implemented. However, there can be no assurance that the above events will not occur, and cause a delay in or abortion of the Rights Issue of ICPS-i. In the event the Rights Issue of ICPS-i is aborted, all the subscription/application monies for the ICPS-i will be refunded without interest to the subscribing Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable).

In the event that the ICPS-i have been allotted to the successful Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) and the Rights Issue of ICPS-i is subsequently aborted or terminated, a return of subscription monies to all holders of the ICPS-i would only be achievable by way of cancellation of our share capital as provided for under the Act. Such cancellation requires the sanction of our shareholders by way of a 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. In such an event, there can be no assurance that such monies can be returned within a short period of time or at all.

6.2.3 Capital market risk

The performance of our local bourse is affected by a number of factors, amongst which are the general economic climate of Malaysia, the Southeast Asia region and the rest of the world, the performance of the global capital markets and investors' sentiments. These factors contribute to the volatility of trading volumes on Bursa Securities.

6.3 Forward-looking statements

This Abridged Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Abridged Prospectus, including without limitation, those regarding our financial position, business strategies, plans and projections of our management for our future operations, are forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". However, you should note that these words are not the exclusive means of identifying forward-looking statements. These forward-looking statements involve risks, uncertainties and other factors that may cause our Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, *inter-alia*, general economic and business conditions, competitions, the impact of new laws and regulations affecting us and the industry, changes in interest rates and changes in foreign exchange rates.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

7.1 The Malaysian economy

The Malaysian economy registered a growth of 5.6% in the first quarter of 2015 (4Q 2014: 5.7%). Private sector expenditure remained the key driver of growth (1Q 2015: 9.6%; 4Q 2014: 8.3%). This contributed towards a strong domestic demand performance, which offset the negative contribution from net exports during the quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.2% (4Q 2014: 1.8%).

Domestic demand expanded by 7.9% in the first quarter of 2015 (4Q 2014: 5.7%), driven mainly by private sector expenditure. Private sector activity grew by 9.6% (4Q 2014: 8.3%), following continued growth in consumption and investment activities. Private consumption expanded at a stronger pace of 8.8% (4Q 2014: 7.6%), supported by stable labour market conditions and higher wage growth. Furthermore, household spending was supported by flood relief efforts, in particular, during the early parts of the quarter. The frontloading of consumer purchases prior to the implementation of the GST, particularly on transport, food and beverages, as well as communication, also contributed to the strong expansion in private consumption. Private investment expanded by 11.7% (4Q 2014: 11.1%), driven by capital spending in the export-oriented manufacturing sector and in the telecommunication and transport-related services industries.

On the supply side, growth in the first quarter was supported by the major economic sectors. The services sector was underpinned by growth in all sub-sectors, particularly consumption-related sub-sectors. Growth in the manufacturing sector was supported by stronger performance in the export-oriented industries, particularly the electronics and electrical cluster. The construction sector was supported mainly by the non-residential and residential sub-sectors, while the mining sector continued to record stronger growth amid higher crude oil production. Meanwhile, the agriculture sector contracted as a result of lower palm oil production.

The Malaysian economy is expected to remain on a steady growth path. Domestic demand will remain the key driver of growth amid the lower oil prices. Investment activity is projected to remain resilient, with continued capital spending by both the private and public sectors. While private consumption is expected to moderate as households adjust to the introduction of the GST, the steady rise in income and stable labour market conditions would support household spending. The recovery in global growth while remaining moderate, will provide support to manufactured exports, although lower commodity prices will likely weigh down on overall exports.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2015, Bank Negara Malaysia)

7.2 Outlook of the O&G industry

The mining and quarrying sector continued to post a strong growth of 9.6% (Q4 2014: 9.5%) supported by higher crude oil production. Crude oil output remained high registering a double-digit growth of 18.1% to average 690,028 bpd (Q4 2014: 14.6%; 650,989 bpd), following the acceleration of production from Gumusut Kakap oil field in offshore Sabah. In contrast, production of natural gas contracted by 2% to 6,424 mmscfd (Q4 2014: 1.7%; 6,562 mmscfd). During the quarter, the price of Dated Brent and Tapis continued to decline averaging USD54.05 per barrel ("**pb**") and USD56.51 pb, respectively (Q4 2014: USD75.96 pb; USD79.75 pb).

(Source: Quarterly Update on the Malaysian Economy – First Quarter 2015, Ministry of Finance Malaysia)

Brent crude oil prices declined by approximately 29% to average USD55 pb in the first quarter (4Q 2014: USD77 pb). The decline was driven by high global supply of oil, and to a lesser extent, slower demand in a few major economies. Amid rising oil inventory in major consuming countries, prices declined to a low of USD47 pb on 12 January 2015, levels last seen during the global financial crisis. Prices subsequently stabilised towards the end of the quarter to around USD55 pb following the decline in US oil rig operations, which pointed to a reduction in US shale oil output in the medium-term.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2015, Bank Negara Malaysia)

Notwithstanding the above developments in the O&G industry, existing initiatives under the Economic Transformation Programme (“ETP”) are expected to continue to support the industry.

Oil, gas and energy are closely linked to the broad economy and therefore have a systemic effect on countries. This is particularly true for net energy producers such as Malaysia. As a result, the Government has embarked on initiatives outlined under oil, gas and energy national key economic area to ensure energy supply security. Incentives have also been aimed at diversifying the country’s portfolio of energy sources and promoting energy efficiency.

In 2014, the country’s foray into the downstream sector recorded another major milestone. National oil company PETRONAS announced the final investment decision (“FID”) for the development of a world scale RAPID facility earlier this year. The RAPID project is targeted to increase the volume of Malaysia’s petrochemicals outputs and cater to Asia Pacific’s demand for premium specialty chemicals.

For the year 2015, analysts and energy agencies have trimmed their crude oil prices to around USD50-USD80, from USD100 a barrel. This has raised concerns that energy companies, particularly in the upstream space, will revisit and reassess their investments globally.

Notwithstanding this, projects which have already reached FID, such as PETRONAS’s RAPID project, will progress on schedule. In addition, Malaysia’s first deep-water development, the Gumusut-Kakap field, has commenced production. Once operating at full capacity, the floating platform is expected to reach a yearly peak oil production of about 135,000 bpd, according to Shell Malaysia, which operates the deep-water project with partners ConocoPhillips, Petronas Carigali and Murphy Sabah Oil.

These developments in Malaysia’s upstream and downstream energy sectors allow the industry to look to 2015 with optimism. As Malaysia continues to expand economic activities in the upstream and downstream oil, gas and energy sector, it will be crucial for Malaysian companies and individual entrepreneurs to develop skills, capabilities, standards and technology which will allow them to thrive in this high-value global industry.

Efforts under the “taking local O&G services and equipment (“OGSE”) companies to the global stage” entry point project, led by Malaysia Petroleum Resources Corporation (“MPRC”), are focused on helping domestic O&G service providers and manufacturers to explore opportunities beyond Malaysia. In line with this and to raise Malaysia’s profile on the international stage, MPRC promoted the national OGSE companies to six countries.

While there is an uptick in participation by Malaysian oil and gas firms in the Asian region, only a handful have successfully established a global presence in the energy sphere. Therefore, there is a need for relevant stakeholders to facilitate the growth of domestic players. This is particularly so for companies with limited brand awareness. As such, marketing channels such as trade shows are needed to establish linkages between local OGSE manufacturers and foreign firms.

(Source: Economic Transformation Programme Annual Report 2014, Prime Minister’s Department)

7.3 Overview and prospects of the FPSO market

An FPSO unit may be a converted tanker or a purpose built vessel. It is used in the upstream O&G industry for the production, processing as well as for the storage of hydrocarbons. It also contains hydrocarbon processing facilities installed on board to process well stream fluids into oil and liquefied petroleum gas.

The recent volatilities in crude oil prices have mainly affected capital expenditure in the O&G industry, and this is expected to impact the FPSO market as well through the delay in project sanctions for new exploration, new development and to a certain extent existing production projects. Our management is of the view that although the demand for new FPSOs is expected to be muted in the short term, existing ongoing projects with firm contractual commitments are not expected to be affected. With the expected muted short term demand, it is expected that the supply for new FPSO will also be reduced, thus putting less pressure on the market. However, the unchartered and idled FPSO will face enhanced competition resulting in downward pressure on charter and deployment rates.

On the supply side, there has been a general capacity constraint in the FPSO market. Existing FPSO owners are facing lower than expected returns caused by project cost overruns and delays as a result of taking on construction risk without proper risk assessment. Major FPSO players also see weakened balance sheets which have restricted their ability to make new investments to expand capacity.

Notwithstanding the challenging environment in the O&G industry, the industry trend towards offshore production provides FPSOs with a competitive edge where the development of alternative infrastructure, such as O&G pipelines, entails high costs. Further, the mobility of FPSOs allows the production facility to be redeployed at new fields once the original field has been depleted. In view of the specialised nature of FPSOs, the capacity constraints coupled with anticipated growth in the world demand for oil, our management expects demand for FPSOs to remain robust, particularly in the medium to longer term.

7.4 Prospects of our Group

Our Group is an integrated EPCIC contractor that provides a comprehensive list of services in the O&G industry. These services include the fabrication, construction and maintenance of offshore structures, construction and maintenance of onshore plants, offshore and onshore crane manufacturing and servicing, marine operations and support services, hook-up and commissioning services as well as engineered packages.

The services rendered by our Group are utilised by PETRONAS and its production sharing contractors ("PSCs") in Malaysia. As such, the prospects of our Group are highly linked to the dynamics of the O&G industry in Malaysia as well as in the region. The fluctuation in crude oil prices is expected to adversely affect the upstream sector of the O&G industry in general for the short to medium term with PETRONAS and PSCs deferring and/or reducing their planned exploration, development or production expenditure. Consequently, the deferment and/or reduction of new projects³ are expected to have a negative impact on the demand for the upstream sector services³ of our Group in the short to medium term.

³ For the FYE 31 December 2014, all of the services provided by our Group are in respect of the upstream sector.

As part of the efforts to replenish our order book, our Group is realigning its strategies to explore opportunities and has embarked on various initiatives to enhance and diversify our earnings base to also include onshore fabrication works in the downstream sector of the O&G industry, minor fabrication and the fabrication of various skids for FPSO. With the new initiatives, our Group expects to ride out the present cyclicality in the O&G industry. Also, as an integrated provider, our Group is expected to benefit from the streams of demand for EPCIC services in the regional O&G sector. In the second quarter of 2014, our Company received a letter of award from JX Nippon for the provision of EPCIC for the conversion of "FPSO Layang", and its subsequent leasing for deployment in the Layang O&G field located at Block SK10, offshore Sarawak, Malaysia ("**Award**"). The Award is estimated to have a contract value of USD372 million (equivalent to approximately RM1.20 billion⁴) for the primary lease period of approximately 7.4 years. After the primary lease period, the Award is subject to annual renewal for up to a further 10 years, with an estimated contract value of USD457 million (equivalent to approximately RM1.48 billion⁴). The Award is expected to generate steady cash flows and contribute positively to the financial performance of our Group for the medium to long term.

The offshore crane business undertaken by our wholly-owned subsidiary, OGW, is expected to further expand in the foreseeable future and add value to our Group's EPCIC activities. On 13 August 2013, our Company announced that OGW was awarded an extension of scope for license by PETRONAS as "Manufacturer" for Mechanical-Crane-Pedestal. This license with extended scope qualifies OGW to tender for and supply offshore pedestal cranes of various types and lifting capabilities to PSCs operating in Malaysia. Being one of the few crane manufacturers with a PETRONAS license as at the LPD, OGW plans to leverage on the said license to market its self-manufactured cranes under the brand name "OGKren". Going forward, OGW plans to increase its OGKren models from the existing two models to five models by 2016 to cater for various offshore fixed structure demands ranging from 5 MT to 100 MT and new FPSO cranes. Additionally, OGW will further expand its crane rental, refurbishment and crane maintenance business, which is expected to provide a more stable and recurring income to our Group.

We remain cautiously optimistic on the long term outlook of the offshore O&G service industry. Our Company is working towards realigning our business strategies to capitalise on more promising areas in the fabrication business such as RAPID and is exploring other investment opportunities to expand our capacity and improve our productivity to better position our Group to take advantage of the opportunities available in the O&G sector, which is expected to be supported by the entry point projects under the ETP. Furthermore, our Group is also exploring opportunities to expand our activities beyond the shores of Malaysia, i.e. India and Myanmar. The Rights Issue of ICPS-i is anticipated to provide our Group with sufficient funds to embark on this realignment.

8. EFFECTS OF THE RIGHTS ISSUE OF ICPS-i

The pro forma effects of the Rights Issue of ICPS-i on the issued and paid-up share capital in our Company, as well as the NA per share, gearing, earnings and EPS of our Group are shown below:

⁴ Based on foreign exchange middle rate of USD1.00:RM3.2265 as published by BNM on 9 May 2014, being the date of the letter of award from JX Nippon.

8.2 NA per share and gearing

For illustration purposes, the pro forma effects of the Rights Issue of ICPS-i on the consolidated NA and gearing ratio of our Company based on our audited consolidated statement of financial position as at 31 December 2014 are shown below:

Minimum Scenario

	(I) Audited as at 31 December 2014 RM '000	(II) Adjustments for subsequent event ⁽¹⁾ RM '000	After (I) and the Rights Issue of ICPS-i RM '000	(III) After (II) and assuming full conversion of the ICPS-i RM '000
Share capital	277,769	280,269	280,269	555,269
Share premium	94,512	95,204	⁽²⁾ 91,204	⁽²⁾ 91,204
Revaluation reserves	28,317	28,317	28,317	28,317
ICPS-i	-	-	⁽³⁾ 275,000	-
Other reserves	4,492	4,492	4,492	4,492
Accumulated losses	(16,914)	(16,914)	(16,914)	(16,914)
Shareholders' equity/NA	388,176	391,368	662,368	662,368
No. of THHE Shares in issue ('000)	1,111,077	1,121,077	1,121,077	2,221,077
NA per Share (RM)	0.35	0.35	0.59	0.30
Total borrowings (RM'000)	345,071	345,071	⁽⁴⁾ 295,071	⁽⁴⁾ 295,071
Gearing ratio (times)	0.89	0.88	0.45	0.45

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Maximum Scenario

	(I) Audited as at 31 December 2014 RM '000	(II) Adjustments for subsequent event ⁽¹⁾ RM '000	(III) After (I) and the Rights Issue of ICPS-i RM '000	(IV) After (II) and assuming full conversion of the ICPS-i RM '000
Share capital	277,769	280,269	280,269	579,223
Share premium	94,512	95,204	⁽²⁾ 91,204	⁽²⁾ 91,204
Revaluation reserves	28,317	28,317	28,317	28,317
ICPS-i	-	-	⁽³⁾ 298,954	-
Other reserves	4,492	4,492	4,492	4,492
Accumulated losses	(16,914)	(16,914)	(16,914)	(16,914)
Shareholders' equity/NA	388,176	391,368	686,322	686,322
No. of THHE Shares in issue ('000)	1,111,077	1,121,077	1,121,077	2,316,893
NA per Share (RM)	0.35	0.35	0.61	0.30
Total borrowings (RM'000)	345,071	345,071	⁽⁴⁾ 295,071	⁽⁴⁾ 295,071
Gearing ratio (times)	0.89	0.88	0.43	0.43

Notes:

- (1) Adjustments for the following:
- (i) issuance of 10,000,000 new THHE Shares pursuant to a private placement of up to 10% of the issued and paid-up share capital of our Company ("Placement Shares") at RM0.33 each, as announced on 24 September 2014 by MIDF Amanah Investment Bank Berhad on behalf of our Company, which was completed on 13 April 2015; and
- (ii) expenses of approximately RM0.11 million incurred for the placement of the 10,000,000 Placement Shares.
- (2) After deducting estimated expenses of RM4.0 million for the Rights Issue of ICPS-i.
- (3) Based on the par value of the ICPS-i of RM0.25 each.
- (4) Assuming the repayment of debt of RM50.0 million as disclosed in Section 4 above.

8.3 Earnings and EPS

The Rights Issue of ICPS-i is not expected to have any material effect on the consolidated earnings of our Company for the FYE 31 December 2015 as the Rights Issue of ICPS-i is only expected to be completed by the third quarter of 2015 whilst the proceeds to be raised from the Rights Issue of ICPS-i are expected to be utilised within 24 months from the completion of the Rights Issue of ICPS-i. However, the EPS of our Group will be diluted as a result of the increase in the number of THHE Shares in issue upon the conversion of the ICPS-i in the future.

The Rights Issue of ICPS-i is expected to contribute positively to our Group's earnings for the ensuing financial years, when the benefits of the utilisation of proceeds as set out in Section 4 are materialised.

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

9.1 Working capital

Our Board is of the opinion that after taking into consideration the amount to be raised from the Rights Issue of ICPS-i, funds generated from our operations and banking facilities available, our Group will have sufficient working capital to meet our current core business requirements due within a period of 12 months from the date of issuance of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM527.7 million, all of which are interest-bearing and comprise the following:

	RM '000
Short term borrowings (payable within 12 months)	281,548
Long term borrowings (payable after 12 months)	246,124
	527,672

Of the total borrowings above, amounts of approximately USD45.0 million (equivalent to RM171.34 million based on the foreign exchange middle rate of USD1.00:RM3.8075 as published by BNM on the LPD) are foreign borrowings denominated in USD.

There has not been any default on payments of either interest and/or principal sums by our Group in respect of any borrowings throughout the past 1 financial year and for the subsequent financial period up to the LPD.

9.3 Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred by our Group which, upon being enforceable, may have a material adverse impact on the financial results or position of our Group.

9.4 Material commitments

Save as disclosed below, as at the LPD, our Board confirms that there are no other material commitments incurred or known to be incurred by our Group which, upon being enforceable, may have a material adverse impact on the financial results or position of our Group:

	RM '000
Capital commitments mainly in relation to the Yard Upgrading Programme and conversion of FPSO:	
• Approved and contracted for	471,719
• Approved but not contracted for	170,030
	641,749

The material commitments are expected to be funded through internally-generated funds and/or bank borrowings and/or proceeds from the Rights Issue of ICPS-i.

10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE OR TRANSFER AND EXCESS APPLICATION

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ICPS-i, EXCESS APPLICATION AND PAYMENT FOR THE EXCESS ICPS-i AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

10.1 Important relevant dates and time

Last date and time for the sale of Provisional ICPS-i : Friday, 21 August 2015 at 5.00 p.m.

Last date and time for the transfer of Provisional ICPS-i : Wednesday, 26 August 2015 at 4.00 p.m.

Last date and time for acceptance and payment : Tuesday, 1 September 2015 at 5.00 p.m.

Last date and time for application for Excess ICPS-i and payment : Tuesday, 1 September 2015 at 5.00 p.m.

Our Board may decide in its absolute discretion to extend the last date and time for acceptance, application for Excess ICPS-i and payment to any later time(s) and/or date(s). We will announce the extension (if any) not less than 2 Market Days before the stipulated day and time.

10.2 General

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

If you are an Entitled Shareholder (other than an Authorised Nominee who has subscribed for NRS), you will find enclosed with this Abridged Prospectus the NPA notifying you of the crediting of such Provisional ICPS-i into your CDS Account and the RSF to enable you to subscribe for such ICPS-i that have been provisionally allotted to you, as well as to apply for Excess ICPS-i, if you choose to do so.

Full instructions for the acceptance of and payment for the ICPS-i provisionally allotted to you and/or your renounee(s) and/or transferee(s) (if applicable) and the procedures to be followed are set out in this Abridged Prospectus and the accompanying RSF. You are advised to read this Abridged Prospectus, the RSF and the notes and instructions contained therein carefully.

If you are an Authorised Nominee who have subscribed for NRS with Bursa Depository, an electronic copy of this Abridged Prospectus and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominees. Please refer to Sections 10.4.4 and 10.7.4 of this Abridged Prospectus for the procedures for acceptance as well as to apply for Excess ICPS-i, if you choose to do so.

Acceptances which do not strictly conform to the terms and conditions as well as the notes and instructions contained herein, or which may be illegible may not be accepted at the absolute discretion of our Board.

Late applications will not be accepted.

10.3 Methods of application

You may subscribe for such number of ICPS-i that you have been provisionally allotted as well as to apply for Excess ICPS-i, if you so choose, using either of the following methods:

Method of application	Category of Entitled Shareholders
RSF ⁽¹⁾	All Entitled Shareholders
Electronic Application ⁽²⁾ or Internet Application ⁽³⁾	All Entitled Shareholders
NRS	Authorised Nominees who have subscribed for NRS

Notes:

- (1) *A copy of the RSF will be enclosed together with this Abridged Prospectus. The RSF is also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).*
- (2) *The following surcharge per Electronic Application will be charged by the Participating Financial Institution:*
 - (i) *Public Bank Berhad – RM4.24 (inclusive of 6% GST); and*
 - (ii) *Affin Bank Berhad – RM4.24 (inclusive of 6% GST).*
- (3) *The following processing fee per Internet Application will be charged by the respective Internet Participating Financial Institution:*
 - (i) *Public Bank Berhad (www.pbebank.com) – RM4.24 (inclusive of 6% GST); and*
 - (ii) *Affin Bank Berhad (www.affinbank.com.my) – RM4.24 (inclusive of 6% GST).*

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10.4 Procedures for acceptance and payment

10.4.1 By way of RSF

If you wish to accept your entitlement to the Provisional ICPS-i, either in full or in part, please complete Parts I(a) and II of the RSF. Send each completed and signed RSF with the relevant payments in the reply envelope enclosed with this Abridged Prospectus, by the mode of despatch of your choice (at your own risk) to our Share Registrar at the following address:

Securities Services (Holdings) Sdn Bhd

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Tel no: (603) 2084 9000

Fax no: (603) 2094 9940/2095 0292

so as to arrive not later than 5.00 p.m. on 1 September 2015 (or such later day and time as our Board in its absolute discretion may decide and announce not less than 2 Market Days before the stipulated day and time).

If you have lost, misplaced 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> or our Share Registrar at the address stated above or our Registered Office.

1 RSF can only be used for acceptance of the Provisional ICPS-i standing to the credit in 1 CDS Account. Separate RSFs must be used for the acceptance of Provisional ICPS-i standing to the credit in more than 1 CDS Account. The ICPS-i accepted by you will be credited into the CDS Account(s) where the Provisional ICPS-i are credited.

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

The minimum number of ICPS-i that can be accepted is 1 ICPS-i. However, you should take note that a trading board lot comprises 100 ICPS-i.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the ICPS-i accepted in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made payable to "**THE RIGHTS ACCOUNT**", crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address in block letters and your CDS Account number. The payment must be made for the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. **Cheques or other modes of payment not prescribed here are not acceptable.**

If acceptance and payment for the Provisional ICPS-i allotted to you (whether in full or in part) are not received by our Share Registrar by 5.00 p.m. on 1 September 2015 or such later day and time as our Board in its absolute discretion may decide and announce not less than 2 Market Days before the stipulated day and time, the provisional entitlement to you will be deemed to have been declined and will be cancelled. Our Board will then have the right to allot such ICPS-i not taken up to applicants who have applied for Excess ICPS-i in the manner as set out in Section 10.7 of this Abridged Prospectus.

You should note that all RSFs lodged with our Share Registrar will be irrevocable and cannot be subsequently withdrawn.

Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. No acknowledgement of receipt of the RSF for the ICPS-i application or the application monies will be issued by our Company or our Share Registrar.

Applications for ICPS-i shall not be deemed to have been accepted by reason of the remittance being presented for payment. Our Board reserves the right not to accept any ICPS-i application, in full or in part, without assigning any reason.

Notification on the outcome of your application for the ICPS-i will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:

- (i) successful application – a notice of allotment will be despatched within 8 Market Days from the last day for application and payment for the ICPS-i; or
- (ii) unsuccessful/partially successful application – 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 day for application and payment for the ICPS-i.

If you have provided your bank account information to Bursa Depository for purposes of cash dividend/distribution, the refund will be credited directly into that bank account. For this purpose, you are required to provide your consent via the RSF in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institutions, their respective agents and any third party who may be involved in facilitating the payment of refund to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refund or for any other purpose in connection with such payments.

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

10.4.2 By way of Electronic Application

Only individuals who are Entitled Shareholders may subscribe for the Provisional ICPS-i by way of Electronic Application.

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

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

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

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one Participating Financial Institution cannot be used to apply for the ICPS-i at an ATM belonging to another Participating Financial Institutions;

- (b) You are advised to read and understand this Abridged Prospectus **BEFORE** making the application; and
- (c) You shall apply for the Provisional ICPS-i via an ATM of the Participating Financial Institution by choosing the Electronic Application option. Mandatory statements required in the application are as set out in Section 10.4.2(iii) of this Abridged Prospectus. You are advised to follow the instructions on the ATM screen and, when required to do so, you shall:
- Enter your personal identification number (“PIN”);
 - Select THHE Rights Account;
 - Enter your CDS Account number;
 - Enter the number of ICPS-i applied for and/or the RM amount to be debited from the account;
 - Enter your current contact number (for e.g. your mobile phone number); and
 - Confirm several mandatory statements.

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

You must ensure that you use the number of the CDS Account held in your name when making an Electronic Application. If you operate a joint bank account with any of the Participating Financial Institution, you must ensure that you enter the number of the CDS Account held in your name when using an ATM card issued to you in your name. Your application will be rejected if you fail to comply with the foregoing.

(ii) Participating Financial Institutions

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

- Public Bank Berhad; and
- Affin Bank Berhad

(iii) Terms and conditions of Electronic Applications

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

- (a) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:
- (1) You have attained 18 years of age as at the last day for application and payment;
 - (2) You have read this Abridged Prospectus and understood and agreed with the terms and conditions of the application;

- (3) You authorise the Participating Financial Institution with which you have a bank account to deduct the full amount payable for the ICPS-i (including the processing fee as mentioned in Section 10.3 (Note 2) of this Abridged Prospectus) from your bank account; and
- (4) You hereby give consent to our Company, Bursa Depository, our Share Registrar, the relevant Participating Financial Institution, their respective agents and any third party involved in facilitating the application/refund, to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the relevant authorities and any person as may be necessary or expedient to facilitate the making of the application/refund.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institution. By doing so, you shall have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 134 of the Financial Services Act 2013 and Section 45(1)(a) of the SICDA, to the disclosures as described above.

- (b) You confirm that you are not applying for the Provisional ICPS-i as a nominee of any other person and that any Electronic Application that you make is made by you as the beneficial owner.
- (c) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Application, failing which your Electronic Application will not be completed. Any Electronic Application, which does not strictly conform to the instructions set out on the screen of the ATM through which the Electronic Application is being made, will be rejected.
- (d) You agree and undertake to subscribe for or purchase and to accept the number of Provisional ICPS-i applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Provisional ICPS-i applied for shall signify, and shall be treated as, your acceptance of the number of ICPS-i that may be allotted to you.

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

- (e) By making and completing your Electronic Application, you, if successful, request and authorise our Company to credit the ICPS-i allotted to you into your CDS Account.
- (f) You acknowledge that your Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Participating Financial Institution or Bursa Depository and irrevocably agree that if:
 - (1) our Company, our Share Registrar or Bursa Depository does not receive your Electronic Application; or

- (2) data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository, you shall be deemed not to have made an Electronic Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Participating Financial Institution or Bursa Depository for the ICPS-i applied for or for any compensation, loss or damage relating to the application for the ICPS-i.
- (g) All of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institution at the time you make your Electronic Application shall be true and correct, and our Company, our Share Registrar, the relevant Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (h) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Application will be rejected. You must inform Bursa Depository promptly of any change in address, failing which, the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (i) By making and completing an Electronic Application, you agree that:
- (1) in consideration of our Company agreeing to allow and accept your subscription for the Provisional ICPS-i via the Electronic Application facility established by the Participating Financial Institution at its ATMs, your Electronic Application is irrevocable and cannot be subsequently withdrawn;
 - (2) our Company, the Participating Financial Institution, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (3) notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the ICPS-i for which your Electronic Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said ICPS-i; and
 - (4) you agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Electronic Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (j) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (k) Notification on the outcome of your subscription for the Provisional ICPS-i will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:

- (1) successful application – a notice of allotment will be despatched within 8 Market Days from the last day for application and payment for the ICPS-i; or
- (2) unsuccessful/partially successful application – 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 day for application and payment for the ICPS-i.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 10.4.2(iii) of this Abridged Prospectus and the required consent in making your Electronic Application.

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

10.4.3 By way of Internet Application

All Entitled Shareholders may subscribe for the Provisional ICPS-i by way of Internet Application.

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

(i) Step 1: Set up of account

Before making an application by way of Internet Application, you **must have all** of the following:

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

(ii) Step 2: Read the Abridged Prospectus

You are advised to read and understand this Abridged Prospectus **BEFORE** making your application.

(iii) Step 3: Apply through internet

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

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

- (c) Navigate to the section of the website on applications in respect of the ICPS-i;
- (d) Select the counter in respect of the ICPS-i to launch the electronic Abridged Prospectus and the terms and conditions of the Internet Application;
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (f) At the next screen, complete the online application form;
- (g) Check that the information contained in your online application form, such as the share counter (in this case, **THHE Rights Account**), your NRIC number, your current contact number (for e.g. your mobile phone number), your CDS Account number, number of Provisional ICPS-i subscribed for and the account number to debit are correct. Then select the designated hyperlink on the screen to confirm and submit the online application form;
- (h) Upon submission of the online application form, you will be linked to the website of the Internet Participating Financial Institution to effect the online payment of your money for the Provisional ICPS-i;
- (i) You must pay for the Provisional ICPS-i through the website of the Internet Participating Financial Institution, failing which the Internet Application is not completed, despite the display of the Confirmation Screen. "**Confirmation Screen**" refers to the screen which appears or is displayed on the internet financial services website, which confirms that the Internet Application has been completed and states the details of your Internet Application, including the number of Provisional ICPS-i applied for, which can be printed out for your record;
- (j) As soon as the transaction is completed, a message from the Internet Participating Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the Provisional ICPS-i is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Application has been completed, via the Confirmation Screen on its website; and
- (k) You are advised to print out the Confirmation Screen for your reference and record.

(iv) Terms and Conditions of Internet Applications

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

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

- (4) You authorise the Internet Participating Financial Institution with which you have a bank account to deduct the full amount payable for the Provisional ICPS-i (including the processing fee as mentioned in Section 10.3 (Note 3) of this Abridged Prospectus) from your bank account; and
- (5) You hereby give consent in accordance with the relevant laws of Malaysia (including Section 134 of the Financial Services Act 2013 and Section 45(1)(a) of the SICDA) for the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant Internet Participating Financial Institution, their respective agents and any third party involved in facilitating the application/refund, of information pertaining to yourself, the Internet Application made by you, your account with the Internet Participating Financial Institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the application/refund.
- (b) You confirm that you are not applying for the Provisional ICPS-i as a nominee of any other person and that the Internet Application is made in your own name, as beneficial owner and subject to the risks referred to in this Abridged Prospectus.
- (c) You agree and undertake to subscribe for or purchase and to accept the number of Provisional ICPS-i applied for as stated on the Confirmation Screen in respect of your Internet Application. Your confirmation of the number of Provisional ICPS-i applied for shall signify, and shall be treated as, your acceptance of the number of ICPS-i that may be allotted to you.

Should you encounter any problem in your Internet Application, please refer to the Internet Participating Financial Institution.

- (d) By making and completing your Internet Application, you, if successful, request and authorise our Company to credit the ICPS-i allotted to you into your CDS Account.
- (e) You acknowledge that your Internet Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Internet Participating Financial Institution or Bursa Depository and irrevocably agree that if:
- (1) Our Company, our Share Registrar or Bursa Depository does not receive your Internet Application; or
- (2) Data relating to your Internet Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

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

- (f) All of your particulars, including your nationality and place of residence, in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Application shall be true and correct, and our Company, our Share Registrar, the relevant Internet Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.

- (g) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (h) By making and completing an Internet Application, you agree that:
- (1) In consideration of our Company agreeing to allow and accept your subscription for the Provisional ICPS-i via the Internet Application facility established by the Internet Participating Financial Institution at its internet financial services website, your Internet Application is irrevocable and cannot be subsequently withdrawn;
 - (2) Our Company, the Internet Participating Financial Institution, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Internet Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (3) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the ICPS-i for which your Internet Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said ICPS-i; and
 - (4) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Internet Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (i) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (j) Notification on the outcome of your subscription for the Provisional ICPS-i will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
- (1) successful application – a notice of allotment will be despatched within 8 Market Days from the last day for application and payment for the Provisional ICPS-i; or
 - (2) unsuccessful/partially successful application – 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 day for application and payment for the Provisional ICPS-i.

The refund will be credited directly into your bank account with the Internet Participating Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in Section 10.4.3(iv) of this Abridged Prospectus and the required consent in making your Internet Application.

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

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

10.4.4 By way of NRS

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

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

(i) Steps for applications via NRS

- (a) If you are an Entitled Shareholder and an Authorised Nominee who have subscribed for NRS with Bursa Depository, you will not be receiving this Abridged Prospectus, the RSF nor the NPA by post.
- (b) Instead, this Abridged Prospectus and a Rights Issue Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository's user guide for NRS, on the next business day after the Entitlement Date.
- (c) A notification of the delivery of the Abridged Prospectus and the Rights Issue Entitlement File will also be sent to you via email using the details you have provided to Bursa Depository when you subscribed for NRS with Bursa Depository.
- (d) You are advised to read carefully, understand and follow the terms of this Abridged Prospectus, **BEFORE** making the application.
- (e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights Issue of ICPS-i.
- (f) To subscribe for the Provisional ICPS-i, you will be required to submit your subscription information via a ICPS-i Subscription File which is to be prepared based on the format as set out in Bursa Depository's user guide for NRS.
- (g) Once completed, you will need to submit the ICPS-i Subscription File to Bursa Depository at any time daily before 5.00 p.m., but in any event no later than the last day and time for acceptance and payment.

- (h) Together with the ICPS-i Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:
- (1) Confirmation that you have, prior to making the application via NRS, received and/or had access to the electronic copy of this Abridged Prospectus, the contents of which you have read, understood and agreed; and
 - (2) Consent to the disclosure of your information to facilitate electronic refunds where applicable.
- (i) With regards to payment for the Provisional ICPS-i which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:
- Bank: MALAYAN BANKING BERHAD**
Account Name: THHE RIGHTS ACCOUNT
Bank Account No. : 564070610631
- prior to submitting the ICPS-i Subscription File to Bursa Depository.
- (j) Upon completion of the transfer/payment, you will receive a transaction slip ("**Transfer/Payment Record**") from the transacting financial institution confirming the details of your transfer/payment. The Transfer/Payment Record is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by our Company or Bursa Depository. The Transfer/Payment Record is for your record and is not required to be submitted with your application via NRS.
- (k) You will be notified on the outcome of your application for the Provisional ICPS-i electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
- (1) successful application – an electronic notification will be sent to you within 8 Market Days from the last day for application and payment for the Provisional ICPS-i; or
 - (2) unsuccessful/partially successful application – 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 day for application and payment for the Provisional ICPS-i.
- The refund will be credited directly into your bank account(s) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 10.4.4(ii) of this Abridged Prospectus and the required consent in making the application via NRS.
- If the crediting of the refund into your bank account(s) (as provided by you in the ICPS-i Subscription File) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.
- (l) Upon crediting of the ICPS-i allotted to you into your CDS Account(s), you will also receive an electronic confirmation of the crediting from Bursa Depository.
- (m) You should note that all applications made for the Provisional ICPS-i submitted under NRS will be irrevocable upon submission of the ICPS-i Subscription File to Bursa Depository and cannot be subsequently withdrawn.

(ii) Terms and Conditions for applications via NRS

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

- (a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institution, their respective agents and any third party involved in facilitating the payment of refunds to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refunds or for any other purpose in connection with such payments. You will be required to provide confirmation of your consent in the manner prescribed in Bursa Depository's terms and conditions for NRS.
- (b) You agree and undertake to subscribe for or purchase and to accept the number of ICPS-i applied for as stated on your ICPS-i Subscription File in respect of your application via NRS. Your application shall signify, and shall be treated as, your acceptance of the number of ICPS-i that may be allotted to you.
- (c) You acknowledge that by completing and submitting the ICPS-i Subscription File to Bursa Depository, you, if successful, request and authorise our Company to credit the ICPS-i allotted to you into the respective CDS Account(s) as indicated in the ICPS-i Subscription File.
- (d) You acknowledge that your application via NRS is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if:
 - (1) our Company, our Share Registrar or Bursa Depository does not receive your application via NRS; or
 - (2) the data relating to your application via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,you shall be deemed not to have made your application and you shall not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant financial institution for the ICPS-i applied for or for any compensation, loss or damage relating to the subscription for the Provisional ICPS-i.
- (e) By completing and submitting the ICPS-i Subscription File to Bursa Depository, you agree that:
 - (1) In consideration of our Company agreeing to allow and accept your subscription for the Provisional ICPS-i via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;

- (2) Our Company, the relevant financial institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (3) Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the ICPS-i issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Provisional ICPS-i; and
 - (4) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to with the contract between the parties and/or the application via NRS and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (f) Our Share Registrar and Bursa Depository, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

10.5 Procedures for sale or transfer of Provisional ICPS-i

The Provisional ICPS-i are renounceable securities and will be traded on Bursa Securities commencing from 17 August 2015 up to 21 August 2015. As such, you may sell/transfer all or part of your entitlements under the Rights Issue of ICPS-i during such period.

As the Provisional ICPS-i are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional ICPS-i to 1 or more persons, you may do so through your stockbrokers without first having to request for a split of the Provisional ICPS-i standing to the credit in your CDS Account.

You may sell such entitlement on Bursa Securities or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository, both for the period up to the last day and time for the sale or transfer of the Provisional ICPS-i (in accordance with the Rules of Bursa Depository).

You are advised to read and adhere to the RSF and the notes and instructions contained in the RSF. In selling or transferring all or part of your Provisional ICPS-i, you need not deliver any document (including the RSF) to your stockbrokers in respect of the portion of the Provisional ICPS-i sold or transferred. However, you are advised to ensure that you must have sufficient number of Provisional ICPS-i standing to the credit in your CDS Account before selling or transferring.

If you have sold or transferred only part of the Provisional ICPS-i, you may still accept the balance of the Provisional ICPS-i. Please refer to Section 10.4 of this Abridged Prospectus for the procedures for acceptance and payment.

10.6 Procedures to be followed by renounee(s) and/or transferee(s)

Renounee(s) or transferee(s) who wish to accept the Provisional ICPS-i must obtain a copy of the RSF from their stockbrokers, Bursa Securities' website at <http://www.bursamalaysia.com>, our Share Registrar or our Registered Office.

Please complete the RSF in accordance with the notes and instructions printed therein and submit the same together with the remittance to our Share Registrar at the above-stated address.

As a renouncee or transferee, the procedures for acceptance, payment, selling and transferring of the Provisional ICPS-i are the same as that applicable to the Entitled Shareholders as set out in Sections 10.4 and 10.5 of this Abridged Prospectus.

10.7 Procedures for application for Excess ICPS-i

It is the intention of our Board to allocate the Excess ICPS-i, if any, in a fair and equitable manner in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to our Entitled Shareholders who have applied for Excess ICPS-i on a pro-rata basis and in board lot, calculated based on their respective shareholdings as per their CDS Accounts as at the Entitlement Date;
- (iii) thirdly, for allocation to our Entitled Shareholders who have applied for Excess ICPS-i on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess ICPS-i applied for; and
- (iv) fourthly, for allocation to renouncee(s) and/or transferee(s) who have applied for Excess ICPS-i on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess ICPS-i applied for.

In the event of any Excess ICPS-i balance after the above allocations are completed, the balance will be allocated in the process set out in (ii) to (iv) above.

Nevertheless, our Board reserves the right to allot any Excess ICPS-i applied for 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) to (iv) above is achieved. Our Board also reserves the right not to accept any Excess ICPS-i application, in full or in part, without assigning any reason.

10.7.1 By way of RSF

If you are an Entitled Shareholder and/or a renouncee and/or a transferee and/or if you have purchased any Provisional ICPS-i, and wish to apply for additional ICPS-i in excess of your entitlement, you may do so by completing Parts I(b) and II of the RSF. Send each completed and signed RSF with a separate remittance for the full amount payable on the Excess ICPS-i applied for to our Share Registrar so as to arrive not later than 5.00 p.m. on 1 September 2015 (or such later day and time as our Board in its absolute discretion may decide and announce not less than 2 Market Days before the stipulated day and time).

The minimum number of Excess ICPS-i that can be applied for is 1 Excess ICPS-i. However, you should take note that a trading board lot comprises 100 ICPS-i.

Payment for the Excess ICPS-i applied for should be made in the same manner described in Section 10.4.1 of this Abridged Prospectus except that the Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia should be made payable to "**THE EXCESS RIGHTS ACCOUNT**", crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address in block letters and your CDS Account number. The payment must be made for the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. **Cheques or other modes of payment not prescribed here are not acceptable.**

You should note that all RSFs lodged with our Share Registrar will be irrevocable and cannot be subsequently withdrawn.

Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. No acknowledgement of receipt of the RSF for the Excess ICPS-i application or the application monies will be issued by our Company or our Share Registrar.

Applications for Excess ICPS-i shall not be deemed to have been accepted by reason of the remittance being presented for payment. Our Board reserves the right not to accept any Excess ICPS-i application, in full or in part, without assigning any reason.

Notification on the outcome of your application for the Excess ICPS-i will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:

- (i) successful application – a notice of allotment will be despatched within 8 Market Days from the last day for application and payment for the Excess ICPS-i; or
- (ii) unsuccessful/partially successful application – 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 day for application and payment for the Excess ICPS-i.

If you have provided your bank account information to Bursa Depository for purposes of cash dividend/distribution, the refund will be credited directly into that bank account. For this purpose, you are required to provide your consent via the RSF in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institutions, their respective agents and any third party who may be involved in facilitating the payment of refund to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refund or for any other purpose in connection with such payments.

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

10.7.2 By way of Electronic Application

If you are an individual who is an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any Provisional ICPS-i, and wish to apply for additional ICPS-i via Electronic Application in excess of your entitlement, you may do so by following the same steps as set out in Section 10.4.2 of this Abridged Prospectus save and except that you shall proceed with the option for Excess ICPS-i application and the amount payable to be directed to "**THE EXCESS RIGHTS ACCOUNT**" for the Excess ICPS-i applied.

The minimum number of Excess ICPS-i that can be applied for is 1 Excess ICPS-i. However, you should take note that a trading board lot comprises 100 ICPS-i.

The Electronic Application for Excess ICPS-i shall be made on, and subject to, the same terms and conditions appearing in Section 10.4.2 of this Abridged Prospectus, as well as the terms and conditions as stated below:

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess ICPS-i applied for as stated on the Transaction Record or any lesser number of Excess ICPS-i that may be allotted to you in respect of your Electronic Application. In the event that our Company decides to allot any lesser number of such Excess ICPS-i or not to allot any Excess ICPS-i to you, you agree to accept any such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Excess ICPS-i applied for shall signify, and shall be treated as, your acceptance of the number of Excess ICPS-i that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

- (iii) Notification on the outcome of your application for the Excess ICPS-i will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
- (a) successful application – a notice of allotment will be despatched within 8 Market Days from the last day for application and payment for the Excess ICPS-i; or
 - (b) unsuccessful/partially successful application – 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 day for application and payment for the Excess ICPS-i.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 10.4.2(iii) of this Abridged Prospectus and the required consent in making your Electronic Application.

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

10.7.3 By way of Internet Application

If you are an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any Provisional ICPS-i, and wish to apply for additional ICPS-i via Internet Application in excess of your entitlement, you may do so by following the same steps as set out in Section 10.4.3 of this Abridged Prospectus save and except that you shall proceed with the option for Excess ICPS-i application and the amount payable to be directed to "**THE EXCESS RIGHTS ACCOUNT**" for the Excess ICPS-i applied.

The minimum number of Excess ICPS-i that can be applied for is 1 Excess ICPS-i. However, you should take note that a trading board lot comprises 100 ICPS-i.

The Internet Application for Excess ICPS-i shall be made on, and subject to, the same terms and conditions appearing in Section 10.4.3(iv) of this Abridged Prospectus, as well as the terms and conditions as stated below:

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess ICPS-i applied for as stated on the Confirmation Screen or any lesser number of Excess ICPS-i that may be allotted to you in respect of your Internet Application. In the event that our Company decides to allot any lesser number of such Excess ICPS-i or not to allot any Excess ICPS-i to you, you agree to accept any such decision as final. If your Internet Application is successful, your confirmation (by your action of clicking the designated hyperlink on the relevant screen of the website) of the number of Excess ICPS-i applied for shall signify, and shall be treated as, your acceptance of the number of Excess ICPS-i that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) Notification on the outcome of your application for the Excess ICPS-i will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
 - (a) successful application – a notice of allotment will be despatched within 8 Market Days from the last day for application and payment for the Excess ICPS-i; or

- (b) unsuccessful/partially successful application – 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 day for application and payment for the Excess ICPS-i.

The refund will be credited directly into your bank account with the Internet Participating Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in Section 10.4.3(iv) of this Abridged Prospectus and the required consent in making your Internet Application.

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

10.7.4 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any Provisional ICPS-i, and wish to apply for additional ICPS-i via NRS in excess of your entitlement, you may do so by following the same steps as set out in Section 10.4.4 of this Abridged Prospectus save and except for the amount payable to be directed to "**THE EXCESS RIGHTS ACCOUNT**" (**Bank Account No. 564070610624 with MALAYAN BANKING BERHAD**) for the Excess ICPS-i applied and also that you should complete the details for excess rights application at the designated fields for excess applications in the ICPS-i Subscription File.

The minimum number of Excess ICPS-i that can be applied for is 1 Excess ICPS-i. However, you should take note that a trading board lot comprises 100 ICPS-i.

The Application for Excess ICPS-i via NRS shall be made on, and subject to, the same terms and conditions appearing in Section 10.4.4(ii) of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and user guide for NRS (which are made available to all Authorised Nominees who wish to register for NRS), as well as the terms and conditions as stated below:

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess ICPS-i applied for as stated on the ICPS-i Subscription File or any lesser number of Excess ICPS-i that may be allotted to you in respect of your application via NRS. In the event that our Company decides to allot any lesser number of such Excess ICPS-i or not to allot any Excess ICPS-i to you, you agree to accept any such decision as final. If your application via NRS is successful, your submission of the ICPS-i Subscription File to Bursa Depository shall signify, and shall be treated as, your acceptance of the number of Excess ICPS-i that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) You will be notified on the outcome of your application for the Excess ICPS-i electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
 - (a) successful application – an electronic notification will be sent to you within 8 Market Days from the last day for application and payment for the Excess ICPS-i; or

- (b) unsuccessful/partially successful application – 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 day for application and payment for the Excess ICPS-i.

The refund will be credited directly into your bank account(s) (as provided by you in the ICPS-i Subscription File) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 10.4.4(ii) of this Abridged Prospectus and the required consent in making the application via NRS.

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

10.8 Form of issuance

Bursa Securities has already prescribed the ICPS-i, which shall be listed on the Main Market of Bursa Securities, to be deposited with Bursa Depository. Accordingly, the ICPS-i are prescribed securities and as such, all dealings in the ICPS-i will be by book entries through CDS Accounts and will be subjected to the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the ICPS-i. Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected.

The acceptance of the Provisional ICPS-i by you or your renounee(s) and/or transferee(s) (if applicable) shall constitute consent to receiving such ICPS-i as deposited securities which will be credited directly into your CDS Account. No physical ICPS-i certificate will be issued.

All Excess ICPS-i allotted will be credited directly into the CDS Accounts of successful applicants.

10.9 Laws of foreign jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any country or jurisdiction other than Malaysia. The Rights Issue of ICPS-i to which the Documents relate is only available to our Entitled Shareholders receiving the Documents electronically or otherwise within Malaysia.

The Documents are not intended to be (and will not be) issued, circulated or distributed in any country or jurisdiction other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of ICPS-i complies with the laws of any countries or jurisdictions other than the laws of Malaysia.

Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) may 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 ICPS-i only to the extent that it would be lawful to do so.

HLIB, our Company, and our Directors and officers (collectively, the “**Parties**”) would not, in connection with the Rights Issue of ICPS-i, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are or may be subject. Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the countries or jurisdictions to which they are or may be subject. The Parties shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

If you are a Foreign Entitled Shareholder who does not have a registered address in Malaysia, our Company will not make or be bound to make any enquiry as to whether you have an address or an address for service in Malaysia if not otherwise stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue of ICPS-i and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue of ICPS-i and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue of ICPS-i in Malaysia and will at all applicable times be subject to the laws of Malaysia.

Accordingly, the Documents have not been (and will not be) sent to the Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) may collect the 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.

Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such country or jurisdiction and we shall be entitled to be fully indemnified and held harmless by such Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (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 the Parties in respect of their rights and entitlements under the Rights Issue. Such Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue of ICPS-i.

By signing any of the forms in the Documents, the Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are deemed to have represented, warranted, acknowledged and declared in favour of (and which representations, warranties, acknowledgements and declarations will be relied upon by) the Parties that:

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue of ICPS-i, be in breach of the laws of any jurisdiction to which those Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are or may be subject to;
- (ii) Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;
- (iii) Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

- (iv) Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are aware that the Provisional ICPS-i can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) have obtained a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the Parties and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the ICPS-i; and
- (vi) Foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (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 ICPS-i, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the ICPS-i.

Persons receiving the Documents (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.

No person in any territory outside of Malaysia receiving this Abridged Prospectus and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for or acquire any ICPS-i unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in such territory.

We reserve the right, in our absolute discretion, to treat any acceptance as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional ICPS-i relating to any acceptance which is treated as invalid will be included in the pool of Excess ICPS-i available for excess application by the other Entitled Shareholders. You and/or your renounee(s) and/or transferee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of your, and/or your renounee(s)'s and/or transferee(s)'s entitlement under the Rights Issue of ICPS-i or to any net proceeds thereof.

11. TERMS AND CONDITIONS

The issuance of the ICPS-i pursuant to the Rights Issue of ICPS-i is governed by the terms and conditions as set out in the Documents.

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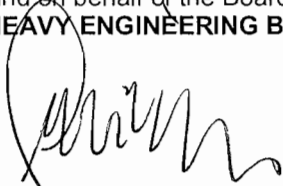
12. FURTHER INFORMATION

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

Yours faithfully,

For and on behalf of the Board of

TH HEAVY ENGINEERING BERHAD



DATO' AZIZAN BIN ABD. RAHMAN

Non-Independent Non-Executive Director/Chairman

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE OF ICPS-i PASSED AT OUR EGM HELD ON 28 MAY 2015

TH HEAVY ENGINEERING BERHAD

(Company No. 634775-D)

(Incorporated in Malaysia)

EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF TH HEAVY ENGINEERING ("THE COMPANY" OR "THHE") HELD AT BALLROOM 1, FIRST FLOOR, MAIN WING, TROPICANA GOLF & COUNTRY RESORT, JALAN KELAB TROPICANA, TROPICANA GOLF & COUNTRY RESORT, 47410 PETALING JAYA, SELANGOR DARUL EHSAN ON THURSDAY, 28 MAY 2015 AT 12:00 P.M.

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,200,000,000 NEW ISLAMIC IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.25 EACH IN THHE ("ICPS-i") AT AN ISSUE PRICE OF RM0.25 FOR EACH ICPS-i TO THE SHAREHOLDERS OF THHE AT AN ENTITLEMENT DATE TO BE DETERMINED LATER TO RAISE GROSS PROCEEDS OF UP TO RM300,000,000 ("PROPOSED RIGHTS ISSUE OF ICPS-i")

It was **RESOLVED**:

THAT, subject to the passing of Ordinary Resolution 2 and the Special Resolution, the Board of Directors of THHE ("**Board**") be and is hereby authorised to provisionally allot and issue by way of a renounceable rights issue, such number of ICPS-i to raise gross proceeds of up to RM300.0 million at an issue price of RM0.25 for each ICPS-i to the shareholders of the Company whose names appear in the Record of Depositors of the Company at 5.00 p.m. on an entitlement date and an entitlement basis to be determined and announced later by the Board upon the indicative terms and conditions set out in the Circular to Shareholders of the Company dated 6 May 2015 ("**Circular**");

THAT any fractional entitlements of ICPS-i under the Proposed Rights Issue of ICPS-i will be disregarded and shall be dealt with in such manner as the Board shall in its absolute discretion deem fit or expedient and in the best interest of the Company;

THAT any ICPS-i which are not taken up or not validly taken up shall be made available for excess applications by the other entitled shareholders and/or their renouncee(s) who have applied for the excess ICPS-i and the Board be and is hereby authorised to allocate the excess ICPS-i in a fair and equitable manner, and on such basis that the Board shall in its absolute discretion deem fit or expedient and in the best interest of the Company;

THAT the Board be and is hereby authorised to utilise the proceeds to be derived from the Proposed Rights Issue of ICPS-i as set out in Section 3 of the Circular and the Board be authorised to revise the utilisation of proceeds from the Proposed Rights Issue of ICPS-i in such manner as the Board shall in its absolute discretion deem fit and in the best interest of the Company.

THAT the Board be and is hereby authorised to allot and issue such number of new ordinary shares of RM0.25 each in THHE ("**THHE Shares**") pursuant to the conversion of the ICPS-i, from time to time during the tenure of the ICPS-i, and such new THHE Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing THHE Shares at that time, except that the holder of the new THHE Shares shall not be entitled to participate in any dividends, rights, allotments and/or any other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the new THHE Shares arising from the conversion of the ICPS-i;

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE OF ICPS-i PASSED AT OUR EGM HELD ON 28 MAY 2015 (Cont'd)

TH HEAVY ENGINEERING BERHAD

(Company No. 634775-D)

(Incorporated in Malaysia)

-2-

(Extract of the Minutes of Extraordinary General Meeting held on 28 May 2015 - cont'd)

THAT the Board be and is hereby authorised to allot and issue such further number of new THHE Shares as may be required or permitted to be allotted and issued as a consequence of the adjustments in accordance with the terms of the ICPS-i as disclosed in the Circular;

AND THAT the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Rights Issue of ICPS-i 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 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 ICPS-i.

ORDINARY RESOLUTION 2

PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF THHE FROM RM855,000,000 COMPRISING 3,200,000,000 THHE SHARES AND 220,000,000 EXISTING IRREDEEMABLE CONVERTIBLE NON-CUMULATIVE PREFERENCE SHARES OF RM0.25 EACH IN THHE ("EXISTING ICPS") TO RM1,100,000,000 COMPRISING 3,200,000,000 THHE SHARES AND 1,200,000,000 ICPS-i ("PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL")

It was **RESOLVED**:

THAT, subject to the passing of Ordinary Resolution 1 and the Special Resolution, approval be and is hereby given to THHE to increase its authorised share capital from RM855,000,000 comprising 3,200,000,000 THHE Shares and 220,000,000 Existing ICPS to RM1,100,000,000 comprising 3,200,000,000 THHE Shares and 1,200,000,000 ICPS-i;

AND THAT the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Increase in Authorised Share Capital 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 to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Increase in Authorised Share Capital.

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE OF ICPS-i PASSED AT OUR EGM HELD ON 28 MAY 2015 (Cont'd)

TH HEAVY ENGINEERING BERHAD

(Company No. 634775-D)

(Incorporated in Malaysia)

-3-

(Extract of the Minutes of Extraordinary General Meeting held on 28 May 2015 - cont'd)

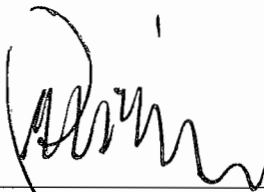
**SPECIAL RESOLUTION
PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF
ASSOCIATION OF THE ("M&A") ("PROPOSED AMENDMENTS")**

It was **RESOLVED:-**

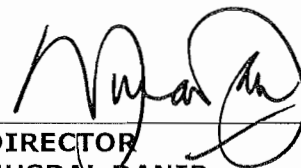
THAT, subject to the passing of the Ordinary Resolution 1 and Ordinary Resolution 2, the proposed amendments to the M&A as set out in Appendix II of the Circular be and is hereby approved and adopted;

AND THAT the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Amendments 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 to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Amendments.

CERTIFIED TRUE COPY



**DIRECTOR
DATO' AZIZAN ABD RAHMAN**



**DIRECTOR
NUSRAL DANIR**

Dated: 28 May 2015

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated on 18 November 2003 in Malaysia under the Act as a private limited company under the name of Operasi Unggul Sdn Bhd. Subsequently, on 3 March 2004, we changed our name to Ramunia Holdings Sdn Bhd. We then converted to a public limited company on 23 April 2004 and changed our name to Ramunia Holdings Berhad. On 21 June 2012, our Company assumed its present name.

Our Company was listed on the Second Board of Bursa Securities (now known as Main Market of Bursa Securities) on 28 January 2005.

Our Company is principally engaged in investment holding and provision of management services whilst the principal activities of our subsidiaries are stated in Section 5 of this Appendix.

2. SHARE CAPITAL**2.1 Authorised, issued and paid-up share capital**

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

	<u>No. of shares</u>	<u>Par value</u> RM	<u>Total</u> RM
Authorised			
Ordinary shares	3,200,000,000	0.25	800,000,000
ICPS-i	1,200,000,000	0.25	300,000,000
Issued and fully paid-up			
Ordinary shares	1,121,077,190	0.25	280,269,298
ICPS-i	-	-	-

2.2 Changes in issued and paid-up share capital

The changes in our Company's issued and paid-up share capital for the past 3 years up to the LPD are as follows:

<u>Date of allotment</u>	<u>No. of Shares allotted</u>	<u>Par value</u> RM	<u>Type of issue / Consideration</u>	<u>Cumulative issued and paid-up share capital</u> RM
8 August 2012	265,135,810	0.25	Rights issue	231,993,834.00
17 May 2013	92,797,000	0.25	Private placement	255,193,084.00
9 July 2013	26,405	0.25	Conversion of warrants	255,199,685.25
29 January 2014	259	0.25	Conversion of warrants	255,199,750.00
2 April 2014	108	0.25	Conversion of warrants	255,199,777.00
22 May 2014	44	0.25	Conversion of warrants	255,199,788.00
12 June 2014	61	0.25	Conversion of warrants	255,199,803.25
14 July 2014	5,000	0.25	Conversion of warrants	255,201,053.25
24 July 2014	216	0.25	Conversion of warrants	255,201,107.25
6 August 2014	100,000	0.25	Conversion of warrants	255,226,107.25
12 August 2014	402	0.25	Conversion of warrants	255,226,207.75
19 August 2014	6,000	0.25	Conversion of warrants	255,227,707.75
11 September 2014	15,000	0.25	Conversion of warrants	255,231,457.75
18 September 2014	35,001,079	0.25	Conversion of warrants	263,981,727.50
26 September 2014	711,835	0.25	Conversion of warrants	264,159,686.25

INFORMATION ON OUR COMPANY (Cont'd)

<u>Date of allotment</u>	<u>No. of Shares allotted</u>	<u>Par value RM</u>	<u>Type of issue / Consideration</u>	<u>Cumulative issued and paid- up share capital RM</u>
7 October 2014	829,000	0.25	Conversion of warrants	264,366,936.25
14 October 2014	515,000	0.25	Conversion of warrants	264,495,686.25
16 October 2014	52,796,345	0.25	Private placement	277,694,772.50
28 October 2014	10,252	0.25	Conversion of warrants	277,697,335.50
10 November 2014	10,000	0.25	Conversion of warrants	277,699,835.50
19 November 2014	539	0.25	Conversion of warrants	277,699,970.25
25 November 2014	125,040	0.25	Conversion of warrants	277,731,230.25
3 December 2014	86,987	0.25	Conversion of warrants	277,752,977.00
11 December 2014	60,120	0.25	Conversion of warrants	277,768,007.00
18 December 2014	2,762	0.25	Conversion of warrants	277,768,697.50
31 December 2014	2,400	0.25	Conversion of warrants	277,769,297.50
9 April 2015	10,000,000	0.25	Private placement	280,269,297.50

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INFORMATION ON OUR COMPANY (Cont'd)**3. SUBSTANTIAL SHAREHOLDERS**

The Rights Issue of ICPS-i will not have any immediate effect on the substantial shareholding structure of our Company. However, if the ICPS-i are converted in the future, the percentage shareholdings of our substantial shareholders may change depending on the extent of conversion.

Assuming all our Entitled Shareholders subscribe for their respective entitlements, the Rights Issue of ICPS-i will not have any effect on the substantial shareholders' percentage shareholdings in our Company as the ICPS-i will be offered on a pro-rated basis to all our Entitled Shareholders. Accordingly, the number of THHE Shares held by each shareholder will increase proportionately assuming full conversion of the ICPS-i held by them.

For illustrative purposes, based on our Company's Record of Depositors as at the LPD, the pro forma effects of the Rights Issue of ICPS-i on the shareholdings of our substantial shareholder in THHE are as follows:

Minimum Scenario

Shareholder	As at the LPD			(I) After the Rights Issue of ICPS-i ⁽¹⁾			(II) After (I) and assuming full conversion of the ICPS-i ⁽¹⁾		
	No. of Shares '000	%	Indirect	No. of Shares '000	%	Indirect	No. of Shares '000	%	Indirect
LTH	334,162	29.81	-	334,162	29.81	-	(1)1,434,162	64.57	-

Maximum Scenario

Shareholder	As at the LPD			(I) After the Rights Issue of ICPS-i ⁽²⁾			(II) After (I) and assuming full conversion of the ICPS-i ⁽²⁾		
	No. of Shares '000	%	Indirect	No. of Shares '000	%	Indirect	No. of Shares '000	%	Indirect
LTH	334,162	29.81	-	334,162	29.81	-	(2)690,602	29.81	-

INFORMATION ON OUR COMPANY (Cont'd)

Notes:

- (1) Assuming LTH subscribes for its entitlement of 356,439,580 ICPS-i and an additional 743,560,420 ICPS-i pursuant to the Undertaking and Additional Undertaking.
- (2) Assuming all our Entitled Shareholders subscribe for their respective entitlements in full and as such, LTH is not required to subscribe for any ICPS-i pursuant to its Additional Undertaking.

4. DIRECTORS

Based on our Company's Register of Directors as at the LPD, none of our Directors have any direct or indirect interest in our Company.

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INFORMATION ON OUR COMPANY (Cont'd)**5. SUBSIDIARIES, JOINT VENTURE COMPANIES AND ASSOCIATED COMPANIES**

The subsidiaries, joint venture and associated companies of our Company as at the LPD are as follows:

Company	Date / Place of incorporation	Issued and paid-up share capital	Effective equity interest	Principal activities
		RM <i>(unless stated otherwise)</i>	%	
Subsidiary companies				
THF	17 January 2001 / Malaysia	330,000,000	70	Fabrication of offshore O&G related structure works
O&G Works Sdn Bhd	17 April 2006 / Malaysia	7,000,000	100	Manufacturing and maintenance of offshore cranes
THHE Offshore Services Sdn Bhd	19 June 2013 / Malaysia	1,000	70	Provision of services for maintenance at offshore workplace, hook-up and commissioning offshore punch list coordination
Globe World Realty Sdn Bhd	23 January 2006 / Malaysia	2	100	Dormant
THHE Training Services Sdn Bhd	17 April 2006 / Malaysia	2	100	Dormant
THHE Optima Sdn Bhd	5 January 2006 / Malaysia	2	100	Dormant
Ramunia International Services Ltd	8 December 2005 / Hong Kong	HKD2	100	Dormant
Floatech (M) Sdn Bhd	7 October 2011 / Malaysia	100,000	100	Dormant
Floatech	19 August 2011 / Malaysia	USD10,000,000	80	Ownership in a FPSO
Joint venture companies				
THHE McDermott Engineering Sdn Bhd	14 May 2013 / Malaysia	3,700,000	50	Provision of front-end engineering and design, construction and installation services
THHE McDermott Project Services Sdn Bhd	14 May 2013 / Malaysia	2	50	Procurement and project management services

INFORMATION ON OUR COMPANY (Cont'd)

Company	Date / Place of incorporation	Issued and paid-up share capital RM (unless stated otherwise)	Effective equity interest %	Principal activities
Associated company				
Berlian McDermott Sdn Bhd	28 April 2000 / Malaysia	146,260,400	30	Construction, transportation and installation of offshore pipelines and structures

6. PROFIT AND DIVIDEND RECORD

Our profit and dividend record based on our audited consolidated financial statements for the last 3 FYEs 31 December 2012 to 31 December 2014 and our unaudited consolidated financial statements for the 3-month FPE 31 March 2015 are set out below:

	Audited FYE 31 December			Unaudited 3-month FPE 31 March 2015
	2012	2013	2014	March 2015
	RM '000	RM '000	RM '000	RM '000
Revenue	190,374	259,932	344,124	47,801
Cost of sales	(123,565)	(215,541)	(374,466)	(54,809)
Gross profit/(loss)	66,809	44,391	(30,342)	(7,008)
Other income	2,915	9,388	4,286	2,440
Administrative expenses	(29,628)	(52,291)	(77,278)	(17,006)
Other expenses	(6,731)	(808)	(12,341)	-
Results from operating activities	33,365	680	(115,675)	(21,574)
Finance costs	(3,063)	(6,654)	(5,243)	(1,641)
Share of profit/(loss) of equity-accounted associate, net of tax	-	5,000	15,755	(1,623)
Share of loss of equity-accounted joint venture, net of tax	-	-	(1,135)	(479)
PBT/(LBT)	30,302	(974)	(106,298)	(25,317)
Tax expense	(6,130)	2,530	(7,608)	(40)
PAT/(LAT)	24,172	1,556	(113,906)	(25,357)
Earnings/(Loss) before interest, taxation, depreciation and amortisation	38,042	14,578	(87,010)	19,605
PAT/(LAT) attributable to:				
Owners of the Company	24,172	8,188	(76,446)	(18,850)
Non-controlling interest	-	(6,632)	(37,460)	(6,507)

INFORMATION ON OUR COMPANY (Cont'd)

	Audited FYE 31 December			Unaudited 3-
	2012	2013	2014	month FPE 31
	RM '000	RM '000	RM '000	March 2015
				RM '000
Weighted average number of THHE Shares in issue ('000):	767,441	985,192	1,006,534	1,111,077
EPS/(Loss per share) (sen):				
- Basic	3.15	0.83	(7.60)	(1.70)
- Diluted	⁵	0.67	(7.60)	(1.70)
Dividend per share declared (sen)	-	-	-	-
Profit/(Loss) margin:				
Gross profit/(loss) margin (%)	35.09	17.08	(8.82)	(14.66)
Net profit/(loss) margin (%)	12.70	0.60	(33.10)	(53.05)

Commentary on financial performance:**FYE 31 December 2012**

For the FYE 31 December 2012, our Group recorded revenue of RM190.37 million compared to revenue of RM22.84 million for the 14-month FPE 31 December 2011. The increase in revenue was due to 2 major fabrication projects awarded to and undertaken by our Group, namely the Aquaterra Energy Limited project and the Sarawak Shell project, which contributed RM56.2 million and RM81.6 million respectively to our Group's revenue.

In line with the higher revenue in 2012, our Group recorded PBT of RM30.3 million for the FYE 31 December 2012 compared to LBT of RM5.37 million for the 14-month FPE 31 December 2011.

In line with the higher PBT, our Group posted PAT of RM24.17 million for the FYE 31 December 2012 compared to LAT of RM11.44 million for the 14-month FPE 31 December 2011.

FYE 31 December 2013

For the FYE 31 December 2013, our Group recorded higher revenue of RM259.93 million, which represented an increase of RM69.56 million or 36.54% from RM190.37 million for the FYE 31 December 2012. The increase in revenue was due to completion of the Aquaterra Energy Limited project and Sarawak Shell project which collectively contributed RM81.6 million to our Group's revenue for the FYE 31 December 2013. During the financial year, our Group also generated revenue from new offshore fabrication contracts from Murphy Sarawak Oil Company Limited and Lundin Malaysia B.V.

⁵ There is no dilution in the EPS of our Company for the FYE 31 December 2012 as the average market values of the warrants were lower than the exercise price. Accordingly, there is no assumed full conversion of the warrants to merit adjusting for an increase in the number of new THHE Shares which could result in a dilution of our Company's EPS.

INFORMATION ON OUR COMPANY (Cont'd)

Despite the increase in revenue, our Group posted a LBT of RM0.97 million for the FYE 31 December 2013. The LBT recorded was mainly due to lower realised margin on our completed jobs, provisions made on liquidated and ascertained damages⁶ for the Aquaterra Energy Limited project of approximately RM2.70 million, higher operating costs incurred and other staff related costs such as allowances, wages, insurance and training costs incurred by our Group in bidding for potential projects as well as higher depreciation and finance cost.

During the financial year, our Company acquired a 30% equity interest in Berlian McDermott Sdn Bhd, which was completed in October 2013. Following the acquisition, our Company recognised a share of profit of RM5 million from the associated company.

Despite the LBT recorded for the FYE 31 December 2013, our Group recorded PAT of RM1.56 million due to the origination and reversal of temporary differences in tax of RM4.70 million.

FYE 31 December 2014

For the FYE 31 December 2014, our Group recorded higher revenue of RM344.12 million, which represented an increase of RM84.19 million or 32.39% from RM259.93 million for the FYE 31 December 2013. The increase in revenue was due to the increase in activities to complete existing order books and the receipt of a fabrication project in the first quarter of 2014 being the procurement, construction and commissioning of a topside structure for Petronas Carigali Sdn Bhd's Kinabalu Non-Associated Gas Development Project.

Despite the increase in revenue, our Group had incurred a LBT of RM106.30 million for the FYE 31 December 2014, which represented a decrease of RM105.33 million or more than 100% from the LBT of RM0.97 million for the FYE 31 December 2013. The higher LBT was mainly due to lower realised margins on completed jobs mainly arising from higher than expected costs to complete the projects, the higher cost in overheads such as staff costs and yard maintenance that our Group had incurred in the bidding process in anticipation of securing certain large projects but were instead awarded to our competitors, higher operating costs incurred mainly as a result of compensation for our retrenched staff and for the maintenance of our Pulau Indah Fabrication Yard, and impairment loss on receivables.

As a result of the increase in LBT, our Group incurred LAT of RM113.91 million for the FYE 31 December 2014 compared to PAT of RM1.56 million for the preceding financial year.

Unaudited 3-month FPE 31 March 2015

For the 3-month FPE 31 March 2015, our Group recorded lower revenue of RM47.80 million, which represented a decrease of RM94.31 million or more than 100% from RM142.11 million for the corresponding period in the preceding financial year. The decrease in revenue for the 3-month FPE 31 March 2015 is mainly attributed to the completion of prior year projects and the current projects being at their tail-end.

In line with the decrease in revenue, our Group incurred LBT of RM25.32 million for the 3-month FPE 31 March 2015 compared to PBT of RM0.52 million for the corresponding period in the preceding financial year. The LBT incurred was mainly the result of lower realised margins on completed jobs arising from higher than expected cost to complete the projects, slower fabrication business activities in the quarter and the share of losses suffered by our associate and joint venture companies.

⁶ The liquidated and ascertained damages arose as a result of changes in the scope of the project and the delay in the completion of the project.

INFORMATION ON OUR COMPANY (Cont'd)

After making provision for tax expense of RM40,000, our Group incurred LAT of RM25.36 million for the 3-month FPE 31 March 2015 compared to a PAT of RM0.52 million for the corresponding period in the preceding financial year.

7. HISTORICAL SHARE PRICES

The monthly high and low prices of THHE Shares traded on the Main Market of Bursa Securities for the past 12 months are set out below:

	<u>High</u> RM	<u>Low</u> RM
2014		
August	0.940	0.815
September	0.850	0.800
October	0.825	0.520
November	0.645	0.440
December	0.430	0.275
2015		
January	0.390	0.290
February	0.455	0.340
March	0.390	0.320
April	0.370	0.305
May	0.320	0.240
June	0.255	0.220
July	0.235	0.190
Last transacted market price of THHE Shares on the LTD		RM0.415
Last transacted market price of THHE Shares on the LPD		RM0.195
Last transacted market price of THHE Shares on 11 August 2015, being the last trading day prior to the ex-date for the Rights Issue of ICPS-i		RM0.160

(Source: Bloomberg Finance L.P.)

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



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

P.O. Box 10093
50704 Kuala Lumpur
Malaysia

Tel: +60 3 7610 8888
Fax: +60 3 7726 8986
www.deloitte.com/my

**INDEPENDENT ASSURANCE REPORT
ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION TO THE BOARD OF DIRECTORS OF TH HEAVY ENGINEERING BERHAD
("THHE" OR "THE COMPANY")****Report on the Compilation of Pro Forma Consolidated Statement of Financial Position**

We have completed our assurance engagement to report on the compilation of pro forma consolidated statement of financial position as at 31 December 2014 of THHE prepared by the Board of Directors of THHE ("Board"). The pro forma consolidated statement of financial position as at 31 December 2014, together with the accompanying notes, is set out in Appendix 1 and stamped by us for the purposes of identification. The pro forma consolidated statement of financial position has been prepared for the purpose of inclusion in the Abridged Prospectus of THHE to be dated 14 August 2015 in relation to the the proposed renounceable rights issue of up to 1,195,815,669 new Islamic irredeemable convertible preference shares of RM0.25 each in THHE ("ICPS-i") at an issue price of RM0.25 for each ICPS-i on the basis of 16 ICPS-i for every 15 existing ordinary shares of RM0.25 each held in THHE ("THHE Shares") as at 5.00 p.m. on 14 August 2015

The applicable criteria on the basis of which the Board has compiled the pro forma consolidated statement of financial position are as described in Note 1 of Appendix 1.

The pro forma consolidated statement of financial position has been compiled by the Board to illustrate the financial impact of events as set out in Notes 2 and 3 to the pro forma consolidated statement of financial position as if the events had taken place on 31 December 2014.

As part of this process, information about the Company's financial position, has been extracted by the Board from the Company's consolidated financial statements for the year ended 31 December 2014, on which an audit report has been published.

The Directors' Responsibility for the Pro Forma Consolidated Statement of Financial Position

The Board is responsible for compiling the pro forma consolidated statement of financial position on the basis set out in the notes, using financial statements prepared in accordance with Malaysian Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and accounting policies of the Company and its subsidiary companies ("Group") for the financial year ended 31 December 2014.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

**Our Responsibilities**

Our responsibility is to express an opinion about whether the pro forma consolidated statement of financial position has been compiled, in all material respects, by the Board on the basis set out in the notes.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, Assurance Engagements to Report on the Compilation of Pro Forma 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 Board has compiled, in all material respects, the pro forma consolidated statement of financial position on the basis set out in the notes thereon.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statement of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial position used in compiling the pro forma consolidated statement of financial position.

The purpose of pro forma consolidated statement of financial position is solely to illustrate the impact of a significant event or transaction on unadjusted financial position of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statement of financial position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma consolidated statement of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statement of financial position reflects the proper application of those adjustments to the unadjusted financial position.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statement of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statement of financial position.

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

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

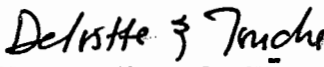



Opinion

In our opinion the pro forma consolidated statement of financial position has been properly compiled on the basis stated in Note 1 of Appendix 1.

Other Matters

This report is issued for the sole purpose for inclusion in the Abridged Prospectus in connection with the abovementioned corporate exercise and should not be used or relied upon for any other purpose. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any transaction other than the abovementioned corporate exercise.


DELOITTE & TOUCHE
AF 0834
Chartered Accountants


SITI HAJAR BINTI OSMAN
Partner – 3061/04/17(J)
Chartered Accountant

3 August 2015

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Assets	Note	Audited 2014		Adjustment		Adjustments for subsequent event		Adjustment		After (I) and the Rights Issue of (ICFS-I)		Adjustment		After (II) and assuming full conversion of the (ICFS-I)	
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
MINIMUM SCENARIO															
Non-Current Assets															
Property, plant and equipment		586,356,673				586,356,673				586,356,673				586,356,673	
Intangible assets		526,741				526,741				526,741				526,741	
Investment in subsidiaries		103,173,438				103,173,438				103,173,438				103,173,438	
Investment in associates		714,935				714,935				714,935				714,935	
Investment in joint venture															
Total Non-Current Assets		690,771,787				690,771,787				690,771,787				690,771,787	
Current Assets															
Inventories		6,317,372				6,317,372				6,317,372				6,317,372	
Trade and other receivables		310,781,831				310,781,831				310,781,831				310,781,831	
Prepayments		1,631,667				1,631,667				1,631,667				1,631,667	
Cash and cash equivalents	6	109,411,655	3,192,300			112,603,955	221,000,000			333,603,955				333,603,955	
Total Current Assets		428,142,525				431,334,825				652,334,825				652,334,825	
TOTAL ASSETS		1,118,914,312				1,122,106,612				1,343,106,612				1,343,106,612	
Share capital	7	277,269,297	2,600,000			280,269,297				280,269,297				280,269,297	
Share premium	8	94,511,489	692,300			95,203,789	(4,000,000)			91,203,789				91,203,789	
Reserves		28,317,138				28,317,138				28,317,138				28,317,138	
ICFS-I							275,000,000			275,000,000				275,000,000	
Other reserves	9	4,491,958				4,491,958				4,491,958				4,491,958	
Accumulated losses		(16,914,134)				(16,914,134)				(16,914,134)				(16,914,134)	
Total equity attributable to owners of the Company		368,775,748				391,368,048				662,368,048				662,368,048	
Non-controlling interest		15,572,396				15,572,396				15,572,396				15,572,396	
Total Equity		403,748,144				406,940,444				677,940,444				677,940,444	
Non-Current Liabilities															
Deferred tax liabilities		214,049				214,049				214,049				214,049	
Borrowings	10	270,943,506	(60,000,000)			270,943,506	(60,000,000)			220,943,506				220,943,506	
Total Non-Current Liabilities		271,157,555				271,157,555				221,157,555				221,157,555	
Current Liabilities															
Trade and other payables		369,881,346				369,881,346				369,881,346				369,881,346	
Borrowings	10	74,127,267				74,127,267				74,127,267				74,127,267	
Total Current Liabilities		444,008,613				444,008,613				444,008,613				444,008,613	
TOTAL LIABILITIES		715,166,168				715,166,168				665,166,168				665,166,168	
TOTAL EQUITY AND LIABILITIES		1,118,914,312				1,122,106,612				1,343,106,612				1,343,106,612	
Number of THHE Shares in issue	7	1,111,077,190	10,000,000			1,121,077,190	1,100,000,000			1,121,077,190				2,221,077,190	
NA per THHE Share (RM) ^(a)		0.35				0.35				0.59				0.30	
Borrowings (RM)		345,070,773				345,070,773				295,070,773				295,070,773	
Gearing ratio (times) ^(b)		0.89				0.89				0.45				0.45	

(a) Computed based on the total equity attributable to owners of THHE divided by the number of THHE Shares in issue.

(b) Computed based on the borrowings divided by total equity attributable to owners of THHE.

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APPENDIX III

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Assets	Note	Audited 2014		Adjustment		Adjustments for subsequent event		Adjustment		After (i) and the Rights Issue of ICPS-I		Adjustment		After (ii) and assuming full conversion of the ICPS-I	
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Non-Current Assets															
Property, plant and equipment		586,356,673				586,356,673									586,356,673
Intangible assets		526,741				526,741									526,741
Investment in subsidiaries		103,173,438				103,173,438									103,173,438
Investment in associates		714,935				714,935									714,935
Investment in joint venture															
Total Non-Current Assets		690,771,787				690,771,787									690,771,787
Current Assets															
Inventories		6,317,372				6,317,372									6,317,372
Trade and other receivables		310,781,831				310,781,831									310,781,831
Prepayments		1,631,667				1,631,667									1,631,667
Cash and cash equivalents	6	109,411,655	3,192,300			112,603,955	244,363,917								357,557,872
Total Current Assets		428,142,525				431,334,825									676,288,742
TOTAL ASSETS		1,118,914,312				1,122,106,612									1,367,060,529
Share capital	7	277,769,297	2,500,000			280,269,297									280,269,297
Share premium	8	94,511,489	692,300			95,203,789	(4,000,000)								91,203,789
Revaluation reserves		28,317,138				28,317,138									28,317,138
ICPS-I							298,953,917								298,953,917
Other reserves		4,491,958				4,491,958									4,491,958
Accumulated losses		(16,914,134)				(16,914,134)									(16,914,134)
Total equity attributable to owners of the Company		388,175,748				391,368,046									686,321,965
Non-controlling interest		15,572,396				15,572,396									15,572,396
Total Equity		403,748,144				406,940,444									701,894,361
Non-Current Liabilities															
Deferred tax liabilities		214,049				214,049									214,049
Borrowings	10	270,943,506	(50,000,000)			220,943,506									220,943,506
Total Non-Current Liabilities		271,157,555				221,157,555									221,157,555
Current Liabilities															
Trade and other payables		369,881,346				369,881,346									369,881,346
Borrowings		74,127,267				74,127,267									74,127,267
Total Current Liabilities		444,008,613				444,008,613									444,008,613
TOTAL LIABILITIES		715,166,168				715,166,168									665,166,168
TOTAL EQUITY AND LIABILITIES		1,118,914,312				1,122,106,612									1,367,060,529
Number of THE Shares in issue	7	1,111,077,190	10,000,000			1,121,077,190	1,195,815,669								2,316,892,859
NA per THE Share (RM) ^(a)		0.35				0.35	0.61								0.30
Borrowings (RM)		345,070,773				345,070,773	295,070,773								295,070,773
Gearing ratio (times) ^(b)		0.89				0.88	0.43								0.43

(a) Computed based on the total equity attributable to owners of THE divided by the number of THE Shares in issue.
(b) Computed based on the borrowings divided by total equity attributable to owners of THE.

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX 1

**TH HEAVY ENGINEERING BERHAD (“THHE’ OR “THE COMPANY”)
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 31 DECEMBER 2014**

1. BASIS OF PREPARATION

The pro forma consolidated statement of financial position of THHE has been prepared for illustration purpose only to show the effects on the audited consolidated statement of the financial position of THHE as at 31 December 2014 had the event described in Note 2 and the proposal as described in Note 3 been adjusted, implemented and completed on that date and by application of the accounting policies as disclosed in the audited consolidated financial statements of THHE as at 31 December 2014.

The pro forma consolidated statement of financial position of THHE has been prepared based on the audited consolidated financial statements of THHE for the financial year ended 31 December 2014 in accordance with the Malaysian Financial Reporting Standards (MFRS) and in a manner consistent with both the format of the financial statements and the accounting policies adopted by THHE and its subsidiaries (“the Group”).

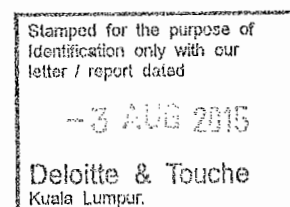
2. SIGNIFICANT EVENT SUBSEQUENT TO 31 DECEMBER 2014

The pro forma consolidated statement of financial position of THHE as at 31 December 2014 incorporates an event which had occurred in the period subsequent to the financial year ended 31 December 2014 which is the issuance of 10,000,000 new ordinary shares of RM0.25 each in THHE (“Placement Shares”) pursuant to the Private Placement (as defined below) which were placed out at RM0.33 each.

As announced by the Company on 24 September 2014, the Company has undertaken a private placement of up to 10% of the issued and paid-up share capital of the Company (“Private Placement”). The Private Placement was undertaken in accordance with the general mandate pursuant to Section 132 of the Companies Act, 1965 which was obtained from the shareholders of the Company at its Annual General Meeting held on 11 June 2014. Expenses of approximately RM0.108 million were incurred for the placement of the 10,000,000 Placement Shares.

3. THE RIGHTS ISSUE OF ICPS-i

The Company shall provisionally allot up to 1,195,815,669 new Islamic irredeemable convertible preference shares (“ICPS-i”) at an issue price of RM0.25 for each ICPS-i to the shareholders of THHE whose names appear in the Company’s Record of Depositors on the basis of 16 ICPS-i for every 15 existing ordinary shares of RM0.25 each held in THHE (“THHE Shares”) as at 5.00 p.m. on 14 August 2015 (“Entitled Shareholders”) (“Rights Issue of ICPS-i”).



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX 1

4. UTILISATION OF PROCEEDS

The gross proceeds from the Rights Issue of ICPS-i will be utilised in the following manner:

	Minimum Scenario RM million	Maximum Scenario RM million
Capital expenditure	169.7	169.7
Working capital	51.3	75.3
Repayment of debt*	50.0	50.0
Defray estimated expenses in relation to the Rights Issue of ICPS-i	4.0	4.0
	275.0	299.0

* The Company intends to utilise RM50.0 million of the proceeds raised from the Rights Issue of ICPS-i to pare down the existing debts of the Group.

5. PRO FORMA ADJUSTMENTS TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

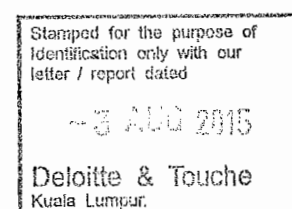
(a) Minimum Scenario

Minimum Scenario assumes only Lembaga Tabung Haji ("LTH") subscribes for the ICPS-i pursuant to its undertaking to subscribe in cash for its entitlement of up to 356,439,580 ICPS-i at an issue price of RM0.25 each amounting to a maximum of RM89,109,895 ("Undertaking") and an additional undertaking to subscribe in cash for up to 743,560,420 ICPS-i which are not subscribed or not validly subscribed by the other Entitled Shareholders and/or their renounees at an issue price of RM0.25 each amounting to a maximum of RM185,890,105 ("Additional Undertaking").

Pro Forma I

Pro Forma I incorporates adjustments relating to the significant subsequent event as described in Note 2.

The issuance of 10,000,000 Placement Shares pursuant to the Private Placement at an issue price of RM0.33 each has generated total gross cash proceeds of RM3.3 million and increased the issued and paid-up share capital and share premium by RM2.5 million and RM0.7 million respectively after deducting expenses of RM0.108 million incurred for placement of the 10,000,000 Placement Shares.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX 1

Pro Forma II

Pro Forma II incorporates Pro Forma I and the Rights Issue of ICPS-i.

Based on LTH's Undertaking and Additional Undertaking, this will result in the issuance of 1,100,000,000 ICPS-i at an issue price of RM0.25 each. This will generate total gross cash proceeds of RM275.0 million.

RM50.0 million of the total gross proceeds from the Rights Issue of ICPS-i is intended to pare down the existing debts of the Group.

The estimated expenses in relation to the Rights Issue of ICPS-i of RM4.0 million will be debited to the share premium account.

Pro Forma III

Pro Forma III incorporates Pro Forma II and assumes full conversion of the ICPS-i.

The conversion rate of the ICPS-i has been fixed at 1 new THHE Share for every ICPS-i held. The conversion of ICPS-i into new THHE Shares will increase the issued and paid-up share capital by 1,100,000,000 units and RM275.0 million in value.

(b) Maximum Scenario

Maximum Scenario assumes all the Entitled Shareholders subscribe in full for their respective entitlements on the basis of 16 ICPS-i for every 15 existing THHE Shares held.

Pro Forma I

Pro Forma I incorporates adjustments relating to the significant subsequent event as described in Note 2.

The issuance of 10,000,000 Placement Shares pursuant to the Private Placement at an issue price of RM0.33 each has generated total gross cash proceeds of RM3.3 million and increased the issued and paid-up share capital and share premium by RM2.5 million and RM0.7 million respectively. An expense of RM0.108 million has been incurred for the Private Placement.

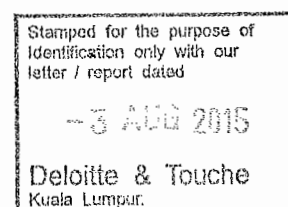
Pro Forma II

Pro Forma II incorporates Pro Forma I and the Rights Issue of ICPS-i.

Based on the entitlement basis of 16 ICPS-i for every 15 existing THHE Shares held, this will result in the issuance of 1,195,815,669 ICPS-i at an issue price of RM0.25 each. This will generate total gross cash proceeds of RM298.954 million.

RM50.0 million of the total gross proceeds from the Rights Issue of ICPS-i is intended to pare down the existing debts of the Group.

The estimated expenses in relation to the Rights Issue of ICPS-i of RM4.0 million will be debited to the share premium account.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX 1

Pro Forma III

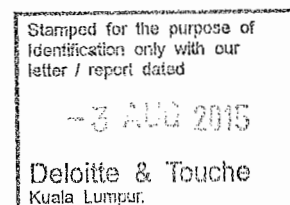
Pro Forma III incorporates Pro Forma II and assuming full conversion of the ICPS-i.

The conversion rate of the ICPS-i has been fixed at 1 new THHE Share for every ICPS-i held. The conversion of ICPS-i into new THHE Shares will increase the issued and paid-up share capital by 1,195,815,669 units and RM298.954 million in value.

6. CASH AND CASH EQUIVALENTS

The movement in the cash and cash equivalents of the Group are as follows:

	Minimum Scenario RM	Maximum Scenario RM
As at 31 December 2014	109,411,655	109,411,655
Arising from the issuance of 10,000,000 Placement Shares at RM0.33 each	3,300,000	3,300,000
Expenses incurred relating to the issuance of the 10,000,000 Placement Shares	<u>(107,700)</u>	<u>(107,700)</u>
As per Pro Forma I	112,603,955	112,603,955
Arising from the Rights Issue of ICPS-i	275,000,000	298,953,917
Utilisation of proceeds to pare down the existing debts	(50,000,000)	(50,000,000)
Estimated expenses in relation to the Rights Issue of ICPS-i	<u>(4,000,000)</u>	<u>(4,000,000)</u>
As per Pro Forma II & III	<u>333,603,955</u>	<u>357,557,872</u>



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX 1

7. **SHARE CAPITAL**

The movements in the share capital of the Group are as follows:

	Minimum Scenario		Maximum Scenario	
	Units	RM	Units	RM
As at 31 December 2014	1,111,077,190	277,769,297	1,111,077,190	277,769,297
Arising from the issuance of 10,000,000 Placement Shares at RM0.33 each	<u>10,000,000</u>	<u>2,500,000</u>	<u>10,000,000</u>	<u>2,500,000</u>
As per Pro Forma I & II	1,121,077,190	280,269,297	1,121,077,190	280,269,297
Arising from conversion of ICPS-i	<u>1,100,000,000</u>	<u>275,000,000</u>	<u>1,195,815,669</u>	<u>298,953,917</u>
As per Pro Forma III	<u>2,221,077,190</u>	<u>555,269,297</u>	<u>2,316,892,859</u>	<u>579,223,214</u>

8. **SHARE PREMIUM**

The movements in the share premium account of the Group are as follows:

	Minimum Scenario RM	Maximum Scenario RM
As at 31 December 2014	94,511,489	94,511,489
Arising from the issuance of 10,000,000 Placement Shares at RM0.33 each	800,000	800,000
Expenses incurred relating to the issuance of Placement Shares	<u>(107,700)</u>	<u>(107,700)</u>
As per Pro Forma I	95,203,789	95,203,789
Estimated expenses in relation to the Rights Issue of ICPS-i	<u>(4,000,000)</u>	<u>(4,000,000)</u>
As per Pro Forma II & III	<u>91,203,789</u>	<u>91,203,789</u>

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR COMPANY AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

APPENDIX 1

9. ISLAMIC IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (ICPS-i)

	Minimum Scenario		Maximum Scenario	
	Units	RM	Units	RM
As at 31 December 2014	-	-	-	-
Arising from the issuance of 1,110,000,000 of ICPS-i at RM0.25 each	1,100,000,000	275,000,000	-	-
Arising from the issuance of 1,195,815,669 ICPS-i at RM0.25 each	-	-	1,195,815,669	298,953,917
As per Pro Forma II	1,100,000,000	275,000,000	1,195,815,669	298,953,917
Arising from conversion of ICPS-i	(1,100,000,000)	(275,000,000)	(1,195,815,669)	(298,953,917)
As per Pro Forma III	-	-	-	-

10. BORROWINGS

The movement in the borrowings of the Group are as follows:

	Minimum Scenario RM	Maximum Scenario RM
As at 31 December 2014	345,070,773	345,070,773
Utilisation of gross proceeds arising from the Rights Issue of ICPS-i to pare down the existing debts	(50,000,000)	(50,000,000)
As per Pro Forma II & III	295,070,773	295,070,773

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31
DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON

TH Heavy Engineering Berhad
(Company No. 634775-D)
(Incorporated in Malaysia)
and its subsidiaries

**Financial statements for the year
ended 31 December 2014**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

1

TH Heavy Engineering Berhad

(Company No. 634775-D)

(Incorporated in Malaysia)

and its subsidiaries

Directors' report for the year ended 31 December 2014

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal activities

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
(Loss)/Profit for the year attributable to:		
Owners of the Company	(76,446,454)	14,175,554
Non-controlling interests	<u>(37,459,782)</u>	<u>-</u>
	<u>(113,906,236)</u>	<u>14,175,554</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividend

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

2

Directors of the Company

Directors who served since the date of the last report are:

Dato' Azizan bin Abd. Rahman (Chairman)
 Datuk Nor Badli Munawir bin Mohamad Alias Lafti
 Nusral bin Danir
 Too Kok Leng
 Roslan bin Mohd Latif
 Datuk Seri Mohamad Norza bin Zakaria
 Dato' Md Yusop bin Omar
 Dr. Samad bin Solbai

Directors' interests in shares

The interests and deemed interests in the ordinary shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.25 each				
	At 1.1.2014	Bought	Sold	At 31.12.2014	
<i>Direct interest</i>					
Datuk Nor Badli Munawir bin Mohamad Alias Lafti	1,400,000	-	-	1,400,000	
	Number of warrants				
	At 1.1.2014	Bought	Sold	Expired	At 31.12.2014
<i>Direct interest</i>					
Roslan bin Mohd Latif	7,906	-	-	(7,906)	-

None of the other Directors holding office at 31 December 2014 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

3

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the 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 Datuk Nor Badli Munawir bin Mohamad Alias Lafti who is a Director in a company which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 27 in the financial statements.

There were no arrangements during and at the end of the financial year which had the object 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.

Issue of shares and debentures

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM255,199,687 to RM277,769,297 by way of:

- (i) Issuance of 52,796,345 new ordinary shares of RM0.25 each pursuant to a private placement at RM0.80 per share for cash for working capital purposes, and
- (ii) Issuance of 37,482,104 new ordinary shares of RM0.25 each pursuant to the conversion of Detachable Warrants 2004/2014 at an exercise price of RM0.51 per warrant for cash.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Detachable Warrants 2004/2014

On 20 December 2004, a total of 237,800,000 Detachable Warrants 2004/2014 were issued. The Company had Nil (2013: 237,306,966) units of unexercised warrants at the end of the financial year as these warrants expired on 22 December 2014 and removed from the Official List of Bursa Malaysia Securities Berhad with effect from 23 December 2014.

The salient features of the Detachable Warrants 2004/2014 are disclosed in Note 12 to the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

4

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have 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, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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.

In the opinion of the Directors, except for those disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2014 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.

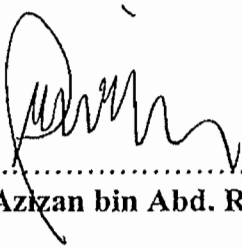
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

5

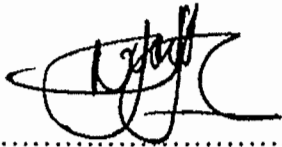
Significant events during the year

Significant events during the year are disclosed in Note 28 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....
Dato' Azizan bin Abd. Rahman



.....
Datuk Nor Badli Munawir bin Mohamad Alias Lafti

Kuala Lumpur

Date: 28 April 2015

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

6

TH Heavy Engineering Berhad

(Company No. 634775-D)

(Incorporated in Malaysia)

and its subsidiaries

Statements of financial position as at 31 December 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Assets					
Property, plant and equipment	3	586,356,673	492,588,596	2,721,176	1,861,593
Intangible assets	4	526,741	55,274	-	-
Investments in subsidiaries	5	-	-	99,636,700	70,600,006
Investment in associate	6	103,173,438	82,839,072	77,926,000	77,926,000
Investment in joint venture	7	714,935	-	1,850,000	-
Deferred tax assets	8	-	9,010,951	-	-
Total non-current assets		690,771,787	584,493,893	182,133,876	150,387,599
Inventories	9	6,317,372	5,717,238	-	34,385
Trade and other receivables	10	310,781,831	211,418,614	233,674,794	165,554,592
Prepayments		1,631,667	2,171,188	305,694	547,961
Cash and cash equivalents	11	109,411,655	86,837,811	19,948,050	38,727,041
Total current assets		428,142,525	306,144,851	253,928,538	204,863,979
Total assets		1,118,914,312	890,638,744	436,062,414	355,251,578
Equity					
Share capital	12	277,769,297	255,199,687	277,769,297	255,199,687
Share premium		94,511,489	57,256,473	94,511,489	57,256,473
Revaluation reserves		28,317,138	28,317,138	-	-
Other reserves		4,491,958	(87,296)	-	-
(Accumulated losses)/ Retained profits		(16,914,134)	40,351,508	53,010,347	38,834,793
Total equity attributable to owners of the Company		388,175,748	381,037,510	425,291,133	351,290,953
Non-controlling interests		15,572,396	51,146,664	-	-
Total equity		403,748,144	432,184,174	425,291,133	351,290,953

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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Statements of financial position as at 31 December 2014

(continued)

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Liabilities					
Deferred tax liabilities	8	214,049	107,860	-	-
Borrowings	13	270,943,506	272,883,816	878,603	261,426
Total non-current liabilities		<u>271,157,555</u>	<u>272,991,676</u>	<u>878,603</u>	<u>261,426</u>
Current liabilities					
Trade and other payables	14	369,881,346	154,892,648	9,651,906	1,633,842
Borrowings	13	74,127,267	28,570,246	240,772	65,357
Current tax liabilities		-	2,000,000	-	2,000,000
Total current liabilities		<u>444,008,613</u>	<u>185,462,894</u>	<u>9,892,678</u>	<u>3,699,199</u>
Total liabilities		<u>715,166,168</u>	<u>458,454,570</u>	<u>10,771,281</u>	<u>3,960,625</u>
Total equity and liabilities		<u>1,118,914,312</u>	<u>890,638,744</u>	<u>436,062,414</u>	<u>355,251,578</u>

The notes on pages 16 to 91 are an integral part of these financial statement

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

8

TH Heavy Engineering Berhad

(Company No. 634775-D)

(Incorporated in Malaysia)

and its subsidiaries

Statements of profit or loss and other comprehensive income for the year ended 31 December 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Revenue	15	344,124,303	259,932,186	10,886,730	9,002,966
Cost of sales		(374,466,323)	(215,541,025)	-	-
Gross (loss)/profit		<u>(30,342,020)</u>	<u>44,391,161</u>	<u>10,886,730</u>	<u>9,002,966</u>
Other income		4,286,385	9,387,854	15,749,607	108,412,746
Administrative expenses		(77,278,452)	(52,290,898)	(13,873,023)	(10,898,027)
Other expenses		(12,340,460)	(808,369)	(31,303)	(49,608,745)
Results from operating activities		<u>(115,674,547)</u>	<u>679,748</u>	<u>12,732,011</u>	<u>56,908,940</u>
Finance costs	16	(5,243,397)	(6,653,914)	(71,381)	(52,483)
Share of profit of equity-accounted associate, net of tax	6	15,755,112	5,000,368	-	-
Share of loss of equity-accounted joint venture, net of tax	7	(1,135,065)	-	-	-
(Loss)/Profit before tax	17	<u>(106,297,897)</u>	<u>(973,798)</u>	<u>12,660,630</u>	<u>56,856,457</u>
Tax expense	19	(7,608,339)	2,529,868	1,514,924	(2,156,183)
(Loss)/Profit for the year		<u>(113,906,236)</u>	<u>1,556,070</u>	<u>14,175,554</u>	<u>54,700,274</u>
Other comprehensive income/(expense), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Share of profit/(loss) of equity-accounted associate	6	4,579,254	(87,296)	-	-
Total other comprehensive income/(expense) for the year, net of tax	20	<u>4,579,254</u>	<u>(87,296)</u>	<u>-</u>	<u>-</u>
Total comprehensive (expense)/income for the year		<u>(109,326,982)</u>	<u>1,468,774</u>	<u>14,175,554</u>	<u>54,700,274</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

9

Statements of profit or loss and other comprehensive income for the year ended 31 December 2014

(continued)

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Profit attributable to:					
Owners of the Company		(76,446,454)	8,188,424	14,175,554	54,700,274
Non-controlling interests		<u>(37,459,782)</u>	<u>(6,632,354)</u>	-	-
(Loss)/Profit for the year		<u>(113,906,236)</u>	<u>1,556,070</u>	<u>14,175,554</u>	<u>54,700,274</u>
Total comprehensive (expense)/income attributable to:					
Owners of the Company		(71,867,200)	8,101,128	14,175,554	54,700,274
Non-controlling interests		<u>(37,459,782)</u>	<u>(6,632,354)</u>	-	-
Total comprehensive (expense)/income for the year		<u>(109,326,982)</u>	<u>1,468,774</u>	<u>14,175,554</u>	<u>54,700,274</u>
Basic (loss)/earnings per ordinary share (sen)	21	<u>(7.60)</u>	<u>0.83</u>		
Diluted (loss)/earnings per ordinary share (sen)	21	<u>(7.60)</u>	<u>0.67</u>		

The notes on pages 16 to 91 are an integral part of these financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

TH Heavy Engineering Berhad

(Company No. 634775-D)
(Incorporated in Malaysia)

and its subsidiaries

Statements of changes in equity for the year ended 31 December 2014

10

Group	Attributable to owners of the Company			Total RM	Non-controlling interests RM	Total equity RM
	Share capital RM	Share premium RM	Revaluation reserve RM			
At 1 January 2013	231,993,834	38,690,208	28,317,138	311,017,282	-	311,017,282
Other comprehensive income	-	-	-	(87,296)	-	(87,296)
- Foreign currency translation differences of an associate	-	-	-	8,188,424	(6,632,354)	1,556,070
- Profit for the year	-	-	-	8,188,424	(6,632,354)	1,468,774
Total comprehensive income for the year	-	-	-	8,101,128	(6,632,354)	1,468,774
Contributions by owners of the Company	23,199,250	18,559,400	-	41,758,650	-	41,758,650
- Issuance of shares	6,603	6,865	-	13,468	-	13,468
- Conversion of warrants to shares	23,205,853	18,566,265	-	41,772,118	-	41,772,118
Changes in ownership interests in a subsidiary	-	-	-	20,146,982	57,779,018	77,926,000
Total transactions with owners of the Company	23,205,853	18,566,265	-	20,146,982	57,779,018	119,698,118
At 31 December 2013/1 January 2014	255,199,687	57,256,473	28,317,138	381,037,510	51,146,664	432,184,174
Other comprehensive income	-	-	-	4,579,254	-	4,579,254
- Foreign currency translation differences of an associate	-	-	-	(76,446,454)	(37,459,782)	(113,906,236)
- Profit for the year	-	-	-	(71,867,200)	(37,459,782)	(109,326,982)
Total comprehensive expense for the year	-	-	-	(76,446,454)	(37,459,782)	(109,326,982)
Contributions by owners of the Company	13,199,086	29,037,990	-	42,237,076	-	42,237,076
- Issuance of shares	-	(1,528,298)	-	(1,528,298)	-	(1,528,298)
- Share issuance expenses	9,370,524	9,745,324	-	19,115,848	-	19,115,848
- Conversion of warrants to shares	22,569,610	37,255,016	-	59,824,626	-	59,824,626
Changes in ownership interests in a subsidiary (Note 28)	-	-	-	19,180,812	1,885,514	21,066,326
Total transactions with owners of the Company	22,569,610	37,255,016	-	79,005,438	1,885,514	80,890,952
At 31 December 2014	277,769,297	94,511,489	28,317,138	388,175,748	15,572,396	403,748,144

Note 12

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Note 12

Note 12

Note 12

Note 12

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31
DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

11

Statements of changes in equity for the year ended 31 December 2014

Company	<i>Attributable to owners of the Company</i>		<i>(Accumulated losses)/ Distributable</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Share premium</i>		
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
At 1 January 2013	231,993,834	38,690,208	(15,865,481)	254,818,561
Profit/Total comprehensive income for the year	-	-	54,700,274	54,700,274
<i>Contributions by owners of the Company</i>				
Issuance of shares	23,199,250	18,559,400	-	41,758,650
Conversion of warrants to shares	6,603	6,865	-	13,468
Total transactions with owners of the Company	23,205,853	18,566,265	-	41,772,118
At 31 December 2013/ 1 January 2014	255,199,687	57,256,473	38,834,793	351,290,953
Profit/Total comprehensive income for the year	-	-	14,175,554	14,175,554
<i>Contributions by owners of the Company</i>				
Issuance of shares	13,199,086	29,037,990	-	42,237,076
Share issuance expenses	-	(1,528,298)	-	(1,528,298)
Conversion of warrants to shares	9,370,524	9,745,324	-	19,115,848
Total transactions with owners of the Company	22,569,610	37,255,016	-	59,824,626
At 31 December 2014	277,769,297	94,511,489	53,010,347	425,291,133
	Note 12	Note 12	Note 12	

The notes on pages 16 to 91 are an integral part of these financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

12

TH Heavy Engineering Berhad

(Company No. 634775-D)

(Incorporated in Malaysia)

and its subsidiaries

Statements of cash flows for the year ended 31 December 2014

	Note	Group 2014 RM	2013 RM	Company 2014 RM	2013 RM
Cash flows from operating activities					
(Loss)/Profit before tax		(106,297,897)	(973,798)	12,660,630	56,856,457
Adjustments for:					
Amortisation of intangible assets		50,137	28,068	-	-
Bad debts recovered		-	(246,398)	-	(246,398)
Depreciation of property, plant and equipment		12,812,952	8,867,499	569,510	209,648
Discounts received from third parties		(802,077)	(4,248,564)	-	-
Gain on disposal of property, plant and equipment		(27,999)	-	(27,999)	-
Gain on decrease in investment in a subsidiary		-	-	(14,557,326)	-
Finance costs		6,425,472	6,656,262	71,381	52,483
Finance income		(799,438)	(1,204,797)	(735,550)	(1,180,304)
Inventories written off		471,763	290,634	-	-
Impairment loss on trade receivables		12,250,000	-	-	-
Reversal of impairment loss on					
- Investments in subsidiaries		-	-	-	(99,000,000)
- Trade receivables		-	(206,805)	-	-
- Other receivables		-	(96,076)	-	(96,076)
Reversal of inventories written down		-	(24,063)	-	-
Share of profit of associate		(15,755,112)	(5,000,368)	-	-
Share of loss of joint venture		1,135,065	-	-	-
Unrealised gain on foreign exchange		(1,163,940)	-	(293,505)	-
Loss on disposal of a subsidiary		-	-	-	49,574,000
Operating (loss)/profit before changes in working capital		(91,701,074)	3,841,594	(2,312,859)	6,169,810

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31
DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

13

Statements of cash flows for the year ended 31 December 2014

(continued)

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Cash flows from operating activities (continued)					
Operating (loss)/profit before changes in working capital		(91,701,074)	3,841,594	(2,312,859)	6,169,810
Changes in working capital:					
Inventories		(1,071,897)	(5,153,076)	34,385	(17,749)
Trade and other receivables and prepayments		(111,073,696)	(88,045,878)	(67,877,935)	1,237,612
Trade and other payables		216,954,715	56,380,396	8,311,569	(570,247)
Net cash from / (used in) operations		13,108,048	(32,976,964)	(61,844,840)	6,819,426
Interests received		799,438	1,204,797	735,550	1,180,304
Interests paid		(6,425,472)	(5,714,048)	(71,381)	(52,483)
Tax paid		(491,199)	(324,159)	(485,076)	(310,210)
Net cash from / (used in) operating activities		6,990,815	(37,810,374)	(61,665,747)	7,637,037
Cash flows from investing activities					
Additional intangible assets		(521,604)	(12,344)	-	-
Acquisition of property, plant and equipment	(i)	(105,567,361)	(64,836,354)	(415,425)	(69,803)
Acquisition of investment in associate		-	(77,926,000)	-	(77,926,000)
Additional investments in subsidiaries		-	-	(35,545,694)	(32,000,000)
Investment in joint venture		(1,850,000)	-	(1,850,000)	-
(Increase)/Decrease in pledged deposits placed with licensed banks		(25,956,418)	25,166,291	(40,647)	10,922,834
Proceeds from disposal of property, plant and equipment		28,000	-	28,000	-
Proceeds from decrease in investment in a subsidiary		21,066,326	77,926,000	21,066,326	77,926,000
Net cash used in investing activities		(112,801,057)	(39,682,407)	(16,757,440)	(21,146,969)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

14

**Statements of cash flows for the year ended
31 December 2014**

(continued)

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Cash flows from financing activities					
Proceeds from issuance of shares		59,824,626	41,772,118	59,824,626	41,772,118
Repayment of term loan		-	(201,300,000)	-	-
Proceeds from other borrowings, net		42,853,099	302,046,156	-	-
Repayment of finance lease liabilities		(250,057)	(32,573)	(221,077)	(4,907)
Net cash from financing activities		<u>102,427,668</u>	<u>142,485,701</u>	<u>59,603,549</u>	<u>41,767,211</u>
Net (decrease) / increase in cash and cash equivalents		(3,382,574)	64,992,920	(18,819,638)	28,257,279
Cash and cash equivalents at beginning of year		<u>81,609,455</u>	<u>16,616,535</u>	<u>38,270,740</u>	<u>10,013,461</u>
Cash and cash equivalents at end of year	(ii)	<u>78,226,881</u>	<u>81,609,455</u>	<u>19,451,102</u>	<u>38,270,740</u>

(i) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM106,581,030 (2013: RM65,168,044) and RM1,429,094 (2013: RM401,493) of which RM1,013,669 (2013: RM331,690) and RM1,013,669 (2013: RM331,690) respectively were acquired by means of finance lease.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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**Statements of cash flows for the year ended
31 December 2014**

(continued)

(ii) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	11	60,105,491	63,938,077	15,724,085	18,265,730
Deposit placed with licensed banks	11	49,306,164	22,899,734	4,223,965	20,461,311
		<u>109,411,655</u>	<u>86,837,811</u>	<u>19,948,050</u>	<u>38,727,041</u>
Less: Pledged deposits	11	(31,184,774)	(5,228,356)	(496,948)	(456,301)
		<u>78,226,881</u>	<u>81,609,455</u>	<u>19,451,102</u>	<u>38,270,740</u>

The notes on pages 16 to 91 are an integral part of these financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

16

TH Heavy Engineering Berhad

(Company No. 634775-D)

(Incorporated in Malaysia)

and its subsidiaries**Notes to the financial statements**

TH Heavy Engineering Berhad is a public limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Level 23, Tower B
Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur

Registered office

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate and a joint venture.

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 28 April 2015.

1. Basis of preparation**(a) Statement of compliance**

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

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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1. Basis of preparation (continued)**(a) Statement of compliance (continued)**

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Properties (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*

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1. Basis of preparation (continued)**(a) Statement of compliance (continued)**

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (continued)

- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

The Group and the Company plan to apply the abovementioned standards, interpretations and amendments:

- from the annual period beginning on 1 January 2015 for those standards, interpretations or amendments that are effective for annual periods beginning on or after 1 July 2014, except for Amendments to MFRS 1, Amendments to MFRS 2 and Amendments to MFRS 140 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2016 for those standards, interpretations or amendments that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 14 and Amendments to MFRS 141, which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2017 for those standards, interpretations or amendments that are effective for annual periods beginning on or after 1 January 2017.

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1. Basis of preparation (continued)**(a) Statement of compliance (continued)**

- from the annual period beginning on 1 January 2018 for those standards, interpretations or amendments that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception

The amendments to MFRS 10, MFRS 12 and MFRS 128 require an investment entity parent to fair value a subsidiary that provides investment-related services that itself is an investment entity, an intermediate parent owned by an investment entity group can be exempted from preparing consolidated financial statements and a non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

The Group is currently assessing the financial impact that may arise from the adoption of the amendments.

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1. Basis of preparation (continued)**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") 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 estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements, other than those disclosed in the following notes:

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1. Basis of preparation (continued)**(d) Use of estimates and judgements (continued)****Critical judgement made in applying accounting policies*****Construction contracts***

Construction contract accounting requires reliable estimation of the costs to complete the contract and reliable estimate of the stage of contract completion. Using experience gained on each contract and taking into account of the expectation of the time and materials required to complete the contract, management uses budgeting tools to estimate the profitability of the contract at any time.

Construction contract accounting requires that variation, claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customer. As the approval process often takes some time, a judgement is required to be made of its probability and revenue to be recognised accordingly.

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group, for matters in the ordinary course of business.

Impairment loss on receivables

Impairment loss on receivables is determined using a combination of factors, including the overall quality and aging of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. The Directors make impairment loss on receivables based on its best estimates at the reporting date.

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2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation**(i) Subsidiaries**

Subsidiaries are entities, including structured 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.

Investments in subsidiaries are 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.

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2. Significant accounting policies (continued)**(a) Basis of consolidation (continued)****(ii) Business combinations**

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 interests 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 (generally 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 it measures the non-controlling interests 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 combinations are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for 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 reserves.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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2. Significant accounting policies (continued)**(a) Basis of consolidation (continued)****(iv) Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former 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 former 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) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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2. Significant accounting policies (continued)**(a) Basis of consolidation (continued)****(v) Associates (continued)**

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are 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.

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are 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 investment includes transaction costs.

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2. Significant accounting policies (continued)**(a) Basis of consolidation (continued)****(vii) 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 profit or loss and other comprehensive income as an allocation of the profit or loss and total 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.

(viii) 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.

Unrealised gains arising from transactions with equity accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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2. Significant accounting policies (continued)**(b) 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 retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(c) Financial instruments**(i) 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 provisions 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, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

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2. Significant accounting policies (continued)**(c) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

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.

All financial assets are subject to review for impairment (see Note 2(j)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

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2. Significant accounting policies (continued)**(c) Financial instruments (continued)****(iv) Derecognition**

A financial asset or a part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the financial asset is not retained or substantially all of the risks and rewards of ownership of the asset are transferred to another party. 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 expires. 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.

(d) Property, plant and equipment**(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

The Group revalues its long-term leasehold land and buildings and yard infrastructure every five (5) years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Additions subsequent to the date of revaluation are stated at cost until the next revaluation exercise.