

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.

Unless stated otherwise, all abbreviations and defined terms contained in this Abridged Prospectus are defined in the "Definition" section of this Abridged Prospectus. All enquiries concerning the Corporate Exercises should be addressed to our Share Registrar, AGRITEUM Share Registration Services Sdn. Bhd., 2nd Floor, Wisma Penang Garden, 42 Jalan Sultan Ahmad Shah, 10050 Penang.

If you have sold or transferred all your EGIB Shares, you should at once hand this Abridged Prospectus together with the NPA and RSF to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

This Abridged Prospectus, together with the NPA and RSF are only despatched to Entitled Shareholders (excluding Authorised Nominees who have subscribed for NRS and foreign Entitled Shareholders who do not have a registered address in Malaysia) not later than 5.00 p.m. on 20 September 2017. This Abridged Prospectus together with the NPA and RSF, are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Corporate Exercises complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers as to whether the acceptance or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue would result in the contravention of any laws of such countries or jurisdictions. Our Company, the Principal Adviser and Joint Underwriters shall not accept any responsibility or liability in the event that any acceptance or renunciation made by the Entitled Shareholders or their renounee(s) (if applicable) are or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Corporate Exercises or assumes responsibility for the correctness of any statement made or opinion or report expressed in the 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, have also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these documents.

Approval for the Corporate Exercises has been obtained from our shareholders at our EGM held on 15 June 2017. Approval-in-principle has also been obtained from Bursa Securities via its letter dated 3 May 2017 for the admission of the RCPS to the Official List of Bursa Securities and the listing of and quotation for the RCPS, Additional Warrants-C, Bonus Shares and new EGIB Shares to be issued pursuant to the conversion of the RCPS and exercise of the Additional Warrants-C ("New Securities"). The listing of and quotation for the RCPS, Bonus Shares and Additional Warrants-C will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of the Entitled Shareholders have been duly credited and notices of allotment have been despatched to the Entitled Shareholders. The approval from Bursa Securities for the admission of the RCPS and Additional Warrants-C to the Official List of Bursa Securities and the listing of and quotation for the New Securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Corporate Exercises.

Our Board has seen and approved all the documentation relating to the Corporate Exercises including this Abridged Prospectus, together with the NPA and RSF. Our Board collectively and individually accepts full responsibility for the accuracy of the information given and confirms 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 statement in these documents false or misleading.

M&A Securities, being the Principal Adviser for this Corporate Exercises, 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 Corporate Exercises.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" AS SET OUT IN SECTION 5 HEREIN.



EG INDUSTRIES BERHAD

(Company No. 222897-W)

(Incorporated in Malaysia under the Companies Act, 1965)

- (I) **RENOUNCEABLE RIGHTS ISSUE OF UP TO 67,296,172 RCPS ON THE BASIS OF 1 RCPS FOR EVERY 4 EXISTING ORDINARY SHARES HELD IN EGIB AT 5.00 P.M. ON 20 SEPTEMBER 2017 AT AN ISSUE PRICE OF RM0.95 PER RCPS PAYABLE IN FULL UPON ACCEPTANCE ("RIGHTS ISSUE"); AND**
- (II) **BONUS ISSUE OF UP TO 67,296,172 NEW EGIB SHARES ("BONUS SHARE(S)") TO BE CREDITED ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 RCPS SUBSCRIBED BY THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEES PURSUANT TO THE RIGHTS ISSUE**

Principal Adviser and Joint Underwriter



M&A SECURITIES SDN BHD (15017-H)

(A Wholly-Owned Subsidiary of Insas Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriter



MIDF AMANAH INVESTMENT BANK BERHAD (23878-X)

MIDF AMANAH INVESTMENT BANK BERHAD (23878-X)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date	: 20 September 2017, Wednesday, at 5.00 p.m.
Last date and time for sale of Provisional Allotments	: 28 September 2017, Thursday, at 5.00 p.m.
Last date and time for transfer of Provisional Allotments	: 3 October 2017, Tuesday, at 4.00 p.m.
Last date and time for acceptance and payment	: 6 October 2017, Friday, at 5.00 p.m.
Last date and time for excess application and payment	: 6 October 2017, Friday, at 5.00 p.m.

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 WHATSOEVER FOR ANY LOSS HOWSOEVER 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 INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

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

DEFINITIONS

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

“11MP”	: Eleventh Malaysia Plan
“Abridged Prospectus”	: This Abridged Prospectus dated 20 September 2017 issued by our Company
“Act”	: Companies Act, 2016, as amended from time to time and any re-enactment thereof
“Additional Warrants-C”	: Up to 11,343,216 new Warrants-C to be issued as a result of the Rights Adjustment
“Amendments”	: Amendments to the Constitution of EGIB to facilitate the issuance of RCPS
“Authorised Nominee”	: A person who is authorised to act as a nominee as defined under the Rules of Bursa Depository
“ATM”	: Automated teller machine
“Board”	: Board of Directors of EGIB
“Bonus Issue”	: Bonus issue of up to 67,296,172 Bonus Shares to be credited on the basis of 1 Bonus Share for every RCPS subscribed under the Rights Issue
“Bonus Share(s)”	: Up to 67,296,172 new EGIB Share(s) to be credited pursuant to the Bonus Issue
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Company No. 30632-P)
“CAGR”	: Compounded annual growth rate
“CDS”	: Central Depository System
“CDS Account”	: A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depositories) Act 1991 and the rules of Bursa Depository for the recording of deposits or withdrawal of securities and dealings in such securities by the depositors.
“CMSA”	: Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
“Code”	: Malaysian Code on Take-overs and Mergers, 2016, as amended from time to time and any re-enactment thereof
“Constitution”	: A document referred to in Section 34 of the Act and previously known as the “Articles and Memorandum of Association”
“Corporate Exercises”	: Rights Issue, Bonus Issue and Amendments, collectively

DEFINITIONS (CONT'D)

"Deed Poll"	:	The deed poll dated 29 September 2015 governing the Warrants-C
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"EGM"	:	Extraordinary general meeting
"E&E"	:	Electrical and electronics
"EGIB" or "Company"	:	EG Industries Berhad (Company No. 222897-W)
"EGIB Group" or "Group"	:	EGIB and our subsidiaries, collectively
"EGIB Share(s)" "Share(s)"	or	Ordinary shares in EGIB
"Electronic Application"	:	Application for the RCPS through the ATMs of the Participating Financial institutions
"EMS"	:	Electronics manufacturing services
"Entitled Shareholders"	:	Shareholders of EGIB whose names appear in the Record of Depositors of our Company as at the Entitlement Date
"Entitlement Date"	:	The date as at the close of business on which the shareholders of EGIB must be registered in the Record of Depositors of our Company in order to participate in the Rights Issue, being 20 September 2017 at 5.00 p.m.
"EPS"	:	Earnings per share
"FPE"	:	Financial period ended
"FYE"	:	Financial year(s) ended or ending 30 June, as the case may be
"FSA"	:	Financial Services Act 2013
"GDP"	:	Gross domestic product
"GST"	:	Goods and Services Tax pursuant to the Goods and Services Tax Act 2014
"HDDs"	:	Hard disk drives
"IMR" or "Protégé"	:	Protégé Associates Sdn Bhd, the appointed independent market researcher for the Corporate Exercises
"IMR Report"	:	Independent market research report on the overview of the electronics manufacturing services market in Malaysia and Thailand dated 5 September 2017 prepared by Protégé
"Internet Application"	:	Application for the RCPS within Malaysia through an Internet Participating Financial institution

DEFINITIONS (CONT'D)

"Internet Participating Financial Institutions"	:	Participating financial institutions for the Internet Applications as referred to in Section 9.4.3 of this Abridged Prospectus
"Joint Underwriters"	:	Collectively, M&A Securities and MIDF Amanah Investment Bank Berhad, the Joint Underwriters as specified under the Corporate Directory of this Abridged Prospectus
"Jubilee"	:	Jubilee Industries Holdings Ltd (Company Registration No. 200904797H), our substantial shareholder
"Kang"	:	Kang Pang Kiang, our shareholder and Group Chief Executive Officer
"LPD"	:	25 August 2017, being the latest practicable date prior to the printing of this Abridged Prospectus
"M&A Securities" or "Principal Adviser"	:	M&A Securities Sdn Bhd (Company No. 15017-H)
"Main Market LR"	:	The Main Market Listing Requirements of Bursa Securities, as may be amended from time to time
"Market Day"	:	A day which Bursa Securities is open for trading in securities
"Maximum Scenario"	:	Assuming all Entitled Shareholders fully subscribe for their respective entitlements under the Rights Issue and all the Warrants-C are exercised prior to the Entitlement Date
"Minimum Scenario"	:	Assuming that no Warrants-C are exercised prior to the Entitlement Date, and only Jubilee, Terence and Kang subscribed for the RCPS in accordance with their Undertakings and the Underwriting takes place such that 52,890,998 RCPS is subscribed amounting to RM50.25 million is raised under the Rights Issue
"Minimum Subscription Level"	:	The minimum subscription level of the Rights Issue of 52,890,998 RCPS
"NA"	:	Net assets
"NPA"	:	Notice of Provisional Allotment in relation to the Rights Issue
"NRS"	:	Nominee Rights Subscription service offered by Bursa Depository, at the request of our Company, to Authorised Nominees for electronic subscription of Rights Issue through Bursa Depository's existing network facilities with the Authorised Nominees
"OEM(s)"	:	Original equipment manufacturer(s)
"ODM(s)"	:	Original design manufacturer(s)
"Participating Financial Institutions"	:	Participating financial institutions for Electronic Applications as referred to Section 9.4.2 of this Abridged Prospectus
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation

DEFINITIONS (CONT'D)

"PCB"	: Printed circuit board
"PCBA"	: Printed circuit board assembly
"Provisional Allotments"	: RCPS and Bonus Shares provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue
"R&D"	: Research and development
"Record of Depositors"	: A record of securities holders established and maintained by Bursa Depository
"RCPS"	: Up to 67,296,172 redeemable convertible preference shares to be issued pursuant to the Rights Issue
"Rights Adjustments"	: Adjustments to the Warrants-C as a result of the Rights Issue and Bonus Issue in accordance with the provisions of the Deed Poll
"Rights Issue"	: The renounceable rights issue of up to 67,296,172 RCPS at an issue price of RM0.95 per RCPS on the basis of 1 RCPS for every 4 existing EGIB Shares held on the Entitlement Date
"RM and sen"	: Ringgit Malaysia and sen, respectively
"RSF"	: Rights Subscription Form in relation to the Rights Issue
"SC"	: Securities Commission Malaysia
"SGD"	: Singapore Dollar
"SICDA"	: Securities Industry (Central Depositories) Act, 1991
"SMT"	: Surface mount technology
"sq m"	: Square metres
"Terence"	: Terence Tea Yeok Kian, our substantial shareholder and Executive Chairman
"THB"	: Thailand Baht
"Undertakings"	: Irrevocable written undertakings dated 4 April 2017 provided by Jubilee, Terence and Kang to subscribe for or procure the subscription of a certain number of RCPS each, as detailed under Section 2.1.6.2 of this Abridged Prospectus
"Underwriting"	: 42,062,119 RCPS to be underwritten pursuant to the Underwriting Agreement
"Underwriting Agreement"	: Underwriting agreement dated 14 August 2017 entered into between our Company and the Underwriters in relation to the Underwriting
"USD"	: United States Dollar

DEFINITIONS (CONT'D)

"Warrants-C"	: 57,620,696 outstanding warrants 2015/2020 as at the LPD
"5D-VWAMP"	: 5-day volume weighted average market price

References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

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

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name (Designation)	Address	Nationality	Profession
Terence Tea Yeok Kian <i>(Executive Chairman)</i>	4, Lucky Heights Singapore 467548	Singaporean	Director
Kang Pang Kiang <i>(Group Chief Executive Officer)</i>	90, Jalan Besi Island Park 11600 Georgetown Penang	Malaysian	Director
Ang Seng Wong <i>(Senior Independent Non-Executive Director)</i>	No 70, Jalan 5/56 Gasing Indah 46000 Petaling Jaya Selangor Darul Ehsan	Malaysian	Director
Lim Sze Yan <i>(Independent Non-Executive Director)</i>	Lot 1301, Jalan Batu Lintang Tikam Batu 08600 Sungai Petani Kedah Darul Aman	Malaysian	Director
Lee Kean Teong <i>(Independent Non-Executive Director)</i>	No. 6, Jalan Gelugor 11600 Georgetown Penang	Malaysian	Director

AUDIT COMMITTEE

Name	Designation	Directorship
Ang Seng Wong	Chairman	Senior Independent Non-Executive Director
Lim Sze Yan	Member	Independent Non-Executive Director
Lee Kean Teong	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARY

Chai Churn Hwa (MAICSA 0811600)

Suite 18.01, 18th Floor, MWE Plaza
No. 8, Lebuhr Farquhar
10200 Penang

Telephone number: 04-263 7762

REGISTERED OFFICE

Suite 18.01, 18th Floor, MWE Plaza
No. 8, Lebuhr Farquhar
10200 Penang

Telephone number: 04-263 7762

Fax number: 04-263 5901

BUSINESS ADDRESS

Plot 102, Jalan 4
Bakar Arang Industrial Estate
08000 Sungai Petani
Kedah Darul Aman

Telephone number: 04-422 9881

E-mail: eg@eg.com.my

Website: <http://www.eg.com.my>

PRINCIPAL BANKER

Standard Chartered Bank (Malaysia) Berhad

Level 9, Menara Standard Chartered
30, Jalan Sultan Ismail
50250 Kuala Lumpur

Telephone number: 1300 88 3399

**AUDITORS/ REPORTING
ACCOUNTANTS**

UHY (AF1411)

Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone number: 03-2279 3088

SHARE REGISTRAR

**AGRITEUM Share Registration Services Sdn
Bhd**

2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang

Telephone number: 04-228 2321

CORPORATE DIRECTORY (CONT'D)

INDEPENDENT MARKET RESEARCHER

Protégé Associates Sdn Bhd

Suite C-06-06, Plaza Mont' Kiara
2, Jalan Kiara
Mont' Kiara
50480 Kuala Lumpur

Telephone number: 03-6201 9301

SOLICITORS FOR THE RIGHTS ISSUE

Peter Ling & Van Geysel

B-19-4, Tower B
Northpoint Office Suites
No. 1, Medan Syed Putra Utara, Mid Valley City
59200 Kuala Lumpur

Telephone number: 03-2282 3080

**PRINCIPAL ADVISER AND JOINT
UNDERWRITER FOR THE RIGHTS
ISSUE**

M&A Securities Sdn Bhd

No. 45 & 47-11, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone number: 03-2284 2911

**JOINT UNDERWRITER FOR THE
RIGHTS ISSUE**

MIDF Amanah Investment Bank Berhad

Level 21, Menara MIDF
82, Jalan Raja Chulan
50200 Kuala Lumpur

Telephone number: 03-2772 1681

STOCK EXCHANGE LISTING

Main Market of Bursa Securities

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EG INDUSTRIES BERHAD

(Company No. 222897-W)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Suite 18.01, 18th Floor
MWE Plaza
No. 8, Lebuhr Farquhar
10200 Penang

20 September 2017

Directors:

Terence Tea Yeok Kian (*Executive Chairman*)
Kang Pang Kiang (*Group Chief Executive Officer*)
Ang Seng Wong (*Senior Independent Non-Executive Director*)
Lim Sze Yan (*Independent Non-Executive Director*)
Lee Kean Teong (*Independent Non-Executive Director*)

To: The Entitled Shareholders of EG Industries Berhad

Dear Sir / Madam,

(I) RIGHTS ISSUE; AND

(II) BONUS ISSUE

1. INTRODUCTION

On 15 February 2017, M&A Securities, on behalf of our Board, announced that our Company proposed to undertake, among others, the Corporate Exercises.

On 4 May 2017, on behalf of our Board, M&A Securities announced that Bursa Securities had, via its letter dated 3 May 2017, approved the listing of and quotation for the following securities on the Main Market of Bursa Securities:

- (i) Up to 67,296,172 RCPS;
- (ii) Up to 67,296,172 Bonus Shares;
- (iii) Up to 67,296,172 EGIB Shares to be issued pursuant to the conversion of the RCPS;
- (iv) Up to 11,343,216 Additional Warrants-C; and
- (v) Up to 11,343,216 EGIB Shares to be issued pursuant to the exercise of the Additional Warrants-C.

The abovesaid Bursa Securities' approval-in-principle is subject to the following conditions:

Conditions	Status of Compliance
(i) EGIB and M&A Securities to fully comply with the relevant provisions under the Main Market LR pertaining to the implementation of the Corporate Exercises;	Noted.
(ii) EGIB and M&A Securities to inform Bursa Securities upon the completion of the Corporate Exercises;	To be complied.
(iii) EGIB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Corporate Exercises are completed; and	To be complied.
(iv) EGIB to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the conversion of the RCPS at the end of each quarter together with a detailed computation of listing fees payable.	To be complied.

At our EGM held on 15 June 2017, our shareholders had approved, the Corporate Exercises. A certified true extract of the ordinary resolutions pertaining to the Corporate Exercises passed at the said EGM is set out in **Appendix I** of this Abridged Prospectus.

On 26 July 2017, M&A Securities, on our behalf, announced that the issue price of the RCPS has been fixed at RM0.95 per RCPS. Subsequently, on 30 August 2017, on our behalf, M&A Securities announced the Entitlement Date and the other relevant dates pertaining to the Rights Issue.

The RCPS will be admitted to the Official List of Bursa Securities and the official listing of and quotation for the RCPS and Bonus Shares will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of our Entitled Shareholders and/or their renouncee(s) and/or transferee(s), if applicable, have been duly credited and notices of allotment have been despatched to them and upon receipt of the application for quotation of the RCPS by Bursa Securities as specified under the Main Market LR.

No person is authorised to give any information or make any representation not contained herein in connection with the Corporate Exercises, and if given or made, such information or representation must not be relied upon as having been authorised by us, our Principal Adviser and the Joint Underwriters.

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. CORPORATE EXERCISES

2.1 Rights Issue

2.1.1 Details of the Rights Issue

The Rights Issue entails the issuance of up to 67,296,172 RCPS to our Entitled Shareholders on the basis of 1 RCPS for every 4 existing EGIB Shares held on the Entitlement Date.

As at the LPD, the issued share capital of our Company is RM105,781,996 comprising 211,563,992 Shares and 57,620,696 outstanding Warrants-C.

Under the Minimum Scenario, the Rights Issue will entail the issuance of up to RM50.25 million comprising 52,890,998 RCPS. Under the Maximum Scenario, the Rights Issue will entail the issuance of RM63.93 million comprising 67,296,172 RCPS. The actual RCPS to be offered pursuant to the Rights Issue is dependent on the total number of EGIB Shares in issue as at the Entitlement Date.

The Rights Issue is renounceable in full or in part. Accordingly, you can subscribe for and/or renounce your entitlements of the RCPS in full or in part. The RCPS which are not subscribed or validly subscribed will be made available to other Entitled Shareholders and/or their renounce(s)/transferee(s), if applicable, under the application for excess applications by the Entitled Shareholders and/or their renouncee(s)/transferee(s). Our Board intends to allocate the excess RCPS, if any, in a fair and equitable manner as set in Section 9.7.1 of this Abridged Prospectus.

In determining your entitlements to the RCPS, any fractional entitlements under the Rights Issue will be disregarded and will be dealt with in such manner as our Board in its absolute discretion deems fit or expedient and in the best interest of our Company.

As you are an Entitled Shareholder and the RCPS and Bonus Shares are prescribed securities, your CDS Account will be duly credited with the number of provisionally allotted RCPS together with Bonus Shares which you are entitled to subscribe for in full or in part under the terms of the Rights Issue and Bonus Issue. You (other than an Authorised Nominee who has subscribed for NRS) will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the RCPS together with Bonus Shares provisionally allotted to you, as well as to apply for excess RCPS together with Bonus Shares if you so choose to.

If you are an Authorised Nominee who has 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 9.4.4 and 9.7.4 of this Abridged Prospectus for the procedures for acceptance as well as to apply for excess RCPS, if you choose to do so.

Any dealings in our securities will be subject to the provisions of the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998, the rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the RCPS will be credited directly into the respective CDS Accounts of the successful applicants. No physical certificates will be issued but notices of allotment will be despatched to the successful applicants within 8 Market Days from the last day for application and payment for the RCPS.

2.1.2 Basis and justification of arriving at the issue price of the RCPS

Our Board had on 26 July 2017 fixed the issue price of the RCPS at RM0.95 each after taking into consideration the 5D-VWAMP of EGIB Shares up to and including 25 July 2017 of RM0.8435, being the Market Day immediately preceding the date the issue price of the RCPS was fixed.

The issue price of RM0.95 per RCPS represents a premium of 12.63% and 31.76% to the 5D-VWAMP of EGIB Shares up to and including 25 July 2017 (being the market day immediately preceding the date of the price fixing announcement) of RM0.8435 and the theoretical ex-all price of EGIB Shares of RM0.7210, respectively. The theoretical ex-all price of EGIB Shares is calculated based on the following:

$$\frac{(1 \text{ RCPS} \times \text{Conversion Price} + 4 \text{ EGIB Shares} \times \text{5D-VWAMP})}{(4 \text{ Shares} + 1 \text{ Share from the conversion of RCPS} + 1 \text{ Bonus Share})}$$

$$= \frac{(1 \times \text{RM0.95} + 4 \times \text{RM0.8435})}{(4 + 1 + 1)}$$

$$= \text{RM0.721}$$

Under the terms of the Corporate Exercises, an Entitled Shareholder who subscribes for 1 RCPS will be entitled to 1 Bonus Share at no cost. For illustrative purposes, on the assumption that the RCPS is converted into 1 Share, the effective issue price for each EGIB Share is RM0.475 which represents a discount of 34.12% from the above theoretical ex-all price.

2.1.3 Ranking of the new EGIB Shares to be issued upon conversion of the RCPS and/or exercise of the Additional Warrants-C

The RCPS holders are not entitled to any voting rights in general meetings for ordinary holders until and unless such holder converts his/her RCPS into new EGIB Shares.

The new EGIB Shares to be issued upon conversion of the RCPS and/or exercise of the Additional Warrants-C shall upon allotment and issuance, rank equally in all respects with the then existing EGIB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to our shareholders, the entitlement date of which is prior to the allotment date of the new EGIB Shares to be issued upon conversion of the RCPS and/or exercise of the Additional Warrants-C.

2.1.4 Listing of and quotation for the RCPS and the new EGIB Shares to be issued upon conversion of the RCPS and/or exercise of the Additional Warrants-C

Bursa Securities, had, via its letter dated 3 May 2017, granted its approval for the admission of the RCPS to the Official List of Bursa Securities and listing of and quotation for the RCPS and new EGIB Shares to be issued upon conversion of the RCPS and/or exercise of the Additional Warrants-C on the Main Market of Bursa Securities subject to the conditions as set out in Section 1 of this Abridged Prospectus.

For the RCPS to be listed, there must be at least 100 holders holding not less than 1 board lot each for the respective securities.

2.1.5 Salient terms of the RCPS

The salient terms of the RCPS are set out in Appendix II of this Abridged Prospectus.

2.1.6 Minimum Subscription Level, Undertakings and Underwriting arrangements

2.1.6.1 Minimum Subscription Level

The Rights Issue will be undertaken on a minimum subscription level basis of RM50.25 million, which is a full subscription basis under the Minimum Scenario. The Minimum Subscription Level was determined by our Board after taking into consideration the current funding requirements of our Group as detailed in Section 4 of this Abridged Prospectus.

2.1.6.2 Undertakings

Our Company has obtained irrevocable undertakings from Jubilee, Terence and Kang to subscribe for or procure the subscription of a total of 10,828,879 RCPS (via their rights entitlements) as follows:

	No. of Shares held as at the LPD	%	No. of RCPS entitled	Total RCPS to be subscribed under the Undertakings	Minimum Scenario		Maximum Scenario	
					Shareholdings after the Corporate Exercises and full conversion/ exercise of RCPS/ Warrants-C	%	Shareholdings after the Corporate Exercises and conversion/ exercise of RCPS/ Warrants-C	%
Jubilee	24,972,616	11.80	6,243,154	6,243,154	37,458,924	9.70	37,458,924	9.28
Terence	10,090,900	4.77	2,522,725	2,522,725	⁽¹⁾ 21,120,650	5.47	⁽²⁾ 22,636,350	5.61
Kang	8,252,000	3.90	2,063,000	2,063,000	⁽³⁾ 13,574,860	3.51	⁽⁴⁾ 13,878,000	3.44

Notes:

- (1) Assuming the exercise of 5,000,000 Warrants-C and 984,300 Additional Warrants-C held by Terence after the completion of the Rights Issue
- (2) Assuming the exercise of 5,000,000 Warrants-C held by Terence prior to the implementation of the Rights Issue and he subscribes for his full entitlement under the Rights Issue
- (3) Assuming the exercise of 1,000,000 Warrants-C and 196,860 Additional Warrants-C held by Kang after the completion of the Rights Issue
- (4) Assuming the exercise of 1,000,000 Warrants-C held by Kang prior to the implementation of the Rights Issue and he subscribes for his full entitlement under the Rights Issue

Jubilee, Terence and Kang have confirmed via their undertaking letters that they will not dispose or otherwise reduce their shareholdings in EGIB until after the Entitlement Date, and that they have sufficient financial resources to perform the Undertakings and M&A Securities has verified that Jubilee, Terence and Kang have sufficient financial resources to perform the Undertakings.

The Undertakings will not trigger any obligation under the Code and they have confirmed that they will observe and comply at all times with the provisions of the Code.

2.1.6.3 Underwriting arrangements

Our Company had on 14 August 2017 entered into the Underwriting Agreement with the Joint Underwriters to underwrite the remaining portion of 42,062,119 RCPS, representing approximately 79.53% of the RCPS available for subscription under the Minimum Subscription Level for which no irrevocable undertaking was obtained, at an underwriting commission of 1.5% of the total value of the RCPS, subject to the terms and conditions of the Underwriting Agreement and in the following proportions:

<u>Underwriters</u>	No. of Underwritten RCPS	RM
M&A Securities	25,237,119	23,975,263
MIDF Amanah Investment Bank Berhad	16,825,000	15,983,750
Total	42,062,119	39,959,013

The underwriting commission and all relevant costs in relation to the underwriting arrangement will be borne by our Company.

2.2 Bonus Issue

2.2.1 Details of the Bonus Issue

The Bonus Issue entails the issuance of up to 67,296,172 Bonus Shares in conjunction with the implementation of the Rights Issue on the basis of 1 Bonus Share for every RCPS subscribed.

The actual number of Bonus Shares to be issued is dependent on the final number of RCPS subscribed under the Rights Issue. Under the Minimum Scenario and Maximum Scenario, the Bonus Issue will entail the issuance of up to 52,890,998 and 67,296,172 Bonus Shares, respectively.

For avoidance of doubt, the Bonus Shares shall only be issued to the Entitled Shareholders and/or their renounee(s) who subscribe for the RCPS pursuant to the Rights Issue. Accordingly, our Entitled Shareholders who renounce their entitlements to the RCPS provisionally allotted to them under the Rights Issue will simultaneously relinquish their entitlements to the Bonus Shares. The Bonus Shares will be issued in a single tranche.

Fractional entitlements pursuant to the Bonus Issue, if any, will be disregarded and will be dealt with in such manner as our Board shall in its sole and absolute discretion deem fit or expedient and in the best interest of our Company.

As you are an Entitled Shareholder and the RCPS and Bonus Shares are prescribed securities, your CDS Account will be duly credited with the number of provisionally allotted RCPS together with Bonus Shares which you are entitled to subscribe for in full or in part under the terms of the Rights Issue and Bonus Issue. You (other than an Authorised Nominee who has subscribed for NRS) will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the RCPS together with

Bonus Shares provisionally allotted to you, as well as to apply for excess RCPS together with Bonus Shares if you so choose to.

If you are an Authorised Nominee who has 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 9.4.4 and 9.7.4 of this Abridged Prospectus for the procedures for acceptance as well as to apply for excess RCPS, if you choose to do so.

Any dealings in our securities will be subject to the provisions of the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998, the rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Bonus Shares will be credited directly into the respective CDS Accounts of the successful applicants. No physical certificates will be issued but notices of allotment will be despatched to the successful applicants within 8 Market Days from the last day for application and payment for the RCPS.

2.2.2 Capitalisation of reserves

The Bonus Shares shall be wholly capitalised in compliance with Practice Note No. 1/2017 of the Act, from the share premium and capital reserve of the Company under Section 618(3)(c) of the Act.

For illustrative purposes only, based on our Company's latest audited financial statements for the FYE 2016 and the latest unaudited financial statements for the FYE 2017, the balance of our Company's share premium and capital reserve after the implementation of the Bonus Issue will be as follows:

As at 30 June 2016

	Audited as at 30 June 2016			
	Minimum scenario		Maximum scenario	
	Share premium	Capital reserve	Share premium	Capital reserve
	RM'000	RM'000	RM'000	RM'000
As at 30 June 2016	20,932	28,462	20,932	28,462
Capitalisation for the Bonus Issue	-	(26,445)	(5,186)	(28,462)
Estimated expenses	(1,000)	-	(1,000)	-
After the Bonus Issue	<u>19,932</u>	<u>2,017</u>	<u>14,746</u>	<u>-</u>

As at 30 June 2017

	Unaudited as at 30 June 2017			
	Minimum scenario		Maximum scenario	
	Share premium	Capital reserve	Share premium	Capital reserve
	RM'000	RM'000	RM'000	RM'000
As at 30 June 2017	20,932	28,462	20,932	28,462
Capitalisation for the Bonus Issue	-	(26,445)	(5,186)	(28,462)
Estimated expenses	(1,000)	-	(1,000)	-
After the Bonus Issue	<u>19,932</u>	<u>2,017</u>	<u>14,746</u>	<u>-</u>

Notes:

- Minimum Scenario** :
- (i) Assuming that none of the 57,620,696 Warrants-C as at the LPD are exercised prior to the Entitlement Date; and
 - (ii) Assuming that the Rights Issue will be undertaken on a minimum subscription basis of 52,890,998 RCPS;
 - (iii) Assuming that the Bonus Issue will be undertaken on a minimum subscription basis of 52,890,998 Bonus Shares; and
 - (iv) Assuming that all Warrants-C and 11,343,216 Additional Warrants-C at the exercise price of RM0.42 each are subsequently converted.
- Maximum Scenario** :
- (i) Assuming that all the Warrants-C as at the LPD are exercised prior to the Entitlement Date;
 - (ii) Assuming that the Rights Issue will be undertaken on a full subscription basis of 67,296,172 RCPS; and
 - (iii) Assuming that the Bonus Issue will be undertaken on a full subscription basis of 67,296,172 Bonus Shares.

The capital reserves arose from a par value reduction exercise of our Company completed on 25 August 2015. The share premium arose from various issues of EGIB Shares at prices above its then par value.

Our Board confirms that based on the Company's latest audited financial statements for the FYE 2016 and the unaudited results for the FYE 2017, our Company has adequate share premium and capital reserves for the capitalisation required for the Bonus Issue, and these reserves are unimpaired by losses on a consolidated basis in accordance with Paragraph 6.30(1) of the Main Market LR. In addition, the available reserves have also been confirmed by the Reporting Accountants, Messrs UHY, according to Paragraph 6.30(3) of the Main Market LR.

2.2.3 Ranking of the Bonus Shares

The Bonus Shares, shall upon issuance and allotment, rank equally in all respects with the existing EGIB Shares, save for any entitlements given based on an entitlement date that occurs before the date of allotment of the Bonus Shares.

2.2.4 Listing of and quotation for the Bonus Shares

Bursa Securities had, via its letter dated 3 May 2017, granted its approval for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 1 of this Abridged Prospectus. For avoidance of doubt, the Bonus Shares shall be listed concurrently with the RCPS.

2.3 Details of other corporate exercises

The Amendments entail the amendments to the Constitution of the Company to facilitate the creation of RCPS to be issued under the Rights Issue. The salient terms of the RCPS are set out in Appendix II of this Abridged Prospectus.

As at the LPD, save for the Corporate Exercises, our Company does not have any corporate exercises which have been approved but not yet completed/implemented.

3. RATIONALE FOR THE CORPORATE EXERCISES

3.1 Rights Issue

The Rights Issue is undertaken to strengthen our Company's capital base to a level which will better reflect the current scale of our Group's operations and assets employed as well as to support the business growth of our Group.

After due consideration of the various method of fund-raising as well as capital structure of our Company, our Board is of the opinion that the Rights Issue is the most appropriate means of raising funds given the prevailing market conditions, after taking into consideration, among others, the following factors:

- (i) the issuance of the RCPS would enable our Group to secure funding of at least RM50.25 million, repayable (at the option, but not obligation, of our Company) at any time from and including the third anniversary of the issue date up to the day immediately preceding the maturity date of the RCPS, at a reasonable fixed funding cost of 2% per annum, thereby reducing our Group's exposure to interest rate fluctuations. This would enable our Group in managing our cash flow more efficiently;
- (ii) the RCPS would provide our Entitled Shareholders with an annual dividend of 2% per annum in addition to the potential upside of EGIB Shares post conversion of the RCPS;
- (iii) the issuance of RCPS would minimise the immediate dilution of the EPS and existing shareholders' equity interest in our Company, as compared to an outright issuance of ordinary shares; and
- (iv) the Rights Issue will strengthen our Company's financial position with enhanced shareholders' funds. These factors are expected to facilitate the continuous business expansion plans of our Company.

3.2 Bonus Issue

The Bonus Issue aims to incentivise our Entitled Shareholders who participates in the Rights Issue. It encourages the trading liquidity of EGIB Shares on Bursa Securities while increasing the capital base of our Company through greater participation by our Entitled Shareholders and/or their renounee(s) in the equity of our Company.

4. UTILISATION OF PROCEEDS

The Rights Issue is expected to raise gross proceeds of approximately RM50.25 million and RM63.93 million under the Minimum Scenario and Maximum Scenario respectively. This amount is mainly used for expansion of our Group's EMS business, as detailed in Section 4.2 below.

It should be noted that our Company had also on 11 November 2015 completed a renounceable rights issue of 115,241,392 EGIB Shares together with 57,620,696 free Warrants-C at an issue price of RM0.50 per Share, raising RM57.6 million ("Completed Rights Issue with Warrants") used also for expansion of the Group's EMS business as detailed in Section 4.1 below.

The expansion to be funded by the Rights Issue is in addition to the expansion funded by the Completed Rights Issue with Warrants. This is because at this juncture, our Group expects a higher growth in business compared to the time when the Completed Rights Issue with Warrants was implemented. Further, our Group also needs additional equipment and facilities as we intends to strengthen our product mix. Further details of the previous and current expansion are set out in the sub-sections below.

4.1 Utilisation of proceeds from the Completed Rights Issue with Warrants

The details and status of the utilisation of proceeds of RM57.62 million from the Completed Rights Issue with Warrants are as follows:

Details	Proposed utilisation	Actual utilisation as at the LPD	Intended timeframe of utilisation from 11 November 2015
	RM'000	RM'000	
Repayment of bank borrowings	2,960	2,960	Within 6 months
Purchase and upgrade of machinery ⁽¹⁾	16,000	16,000	Within 24 months
Expansion and upgrade of factory ⁽²⁾	20,000	16,063	Within 12 months
Purchase of inventory such as electronic component, PCB and plastic resin	5,000	5,000	Within 12 months
Acquisition of new businesses or assets ⁽³⁾	8,000	-	Within 24 months
Working capital	3,660	3,660	Within 12 months
Expenses relating to the Completed Rights Issue with Warrants	2,000	2,000	Immediately
	57,620	45,683	

Notes:

- (1) The Group had utilised RM16.0 million to purchase the following equipment and machinery:

Type of machinery	Production capacity prior to purchase of equipment (Average pcs/month)	Addition (Units/line)	Addition Production capacity (Average pcs/month)	Amount allocated (RM'000)
SMT assembly lines ^(a)	3,000,000	1 line	200,000	7,000
Plastic injection moulding machines ^(b)	-	10 units	200,000	7,000
R&D equipment ^(c)	N/A	N/A	N/A	2,000
Total				16,000

Notes:

- (a) Used for PCBA in which components are mounted onto the PCB. The total amount allocated includes machine and set up cost.
- (b) Used for manufacturing of plastic products by the injection moulding process. The total amount allocated includes machine and set up cost.
- (c) R&D equipment includes 3-dimensional printer and R&D software which are used to provide value added design and development services to customers which contribute to higher product margins.
- (2) The remainder amount of RM3.9 million earmarked for expansion of our Group's factory is expected to be fully utilised by the end of 2017.

- (3) As at the LPD, the amount of RM8.0 million allocated for acquisition of new businesses or assets was not utilised as we could not find suitable targets or assets within the range of RM8.0 million. In this respect, our Board wishes to increase this range using the proceeds from the Rights Issue, which is further detailed in Section 4.2 below.

The abovementioned use of funds has resulted in the growth in capacity and capability of our Company in meeting growing customer demands, as reflected in the growth of its revenue in FYE 2016.

The timeline for the utilisation of the unutilised proceeds for expansion and upgrade of factory has exceeded the intended 12 months timeframe. In this respect, we intend to extend the said timeframe up to the end of 2017 to utilise the said proceeds and will make the necessary announcement to do so in due course.

The timeline for the utilisation of the unutilised proceeds for acquisition of new businesses or assets expires on 11 November 2017. In this respect, we will make the necessary public announcements and/or seek the necessary approvals required to either extend the timeline or vary the utilisation of proceeds.

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4.2 Utilisation of proceeds from the Rights Issue

We expect to raise up to RM63.93 million gross proceeds from the Rights Issue based on the issue price of RM0.95 per RCPS which is to be utilised in the following manner:

Details	Minimum Scenario RM'000	Maximum Scenario RM'000	Notes	Expected time frame for utilisation of proceeds after the listing of the RCPS
Purchase of equipment and machinery	15,000	15,000	(1)	Within 18 months
Purchase of raw materials for box-build segment	10,000	10,000	(2)	Within 12 months
Expansion of R&D facilities	1,400	1,400	(3)	Within 12 months
Acquisition of intellectual property	1,000	1,000	(3)	Within 12 months
Repayment of bank borrowings	10,000	10,000	(4)	Within 12 months
Acquisition of new businesses or assets	10,000	23,600	(5)	Within 24 months
Working capital comprising general operating expenses and salaries	746	831	-	Within 12 months
Estimated expenses in relation to the Corporate Exercises	2,100	2,100	(6)	Within 2 months
	50,246	63,931		

Notes:

- (1) Purchase of equipment and machinery

Our Group intends to utilise RM15.0 million to purchase new equipment and machinery for our Group's existing EMS business located in Sungai Petani. Details are set out below:

Type of machinery	As at the LPD Production capacity (Average units/month)	Addition (Units/line)	Additional Production capacity (Average units/month)	Amount allocated (RM'000)
SMT assembly line ^(a)	3,200,000	1 line	200,000	
- Component and integrated circuit placement machines		3 units		4,200
- Inspection and testing machines		8 units		1,600
- Solder paste printing machines		1 unit		300
- Reflow ovens		1 unit		280
- PCB routers		1 unit		250
- Conveyers and accessories		-		370
Low tonnage plastic injection moulding machines ^(b)	200,000	5 units	50,000	1,500
3-dimensional optical inspection machines ^(c)		N/A	20,000	4,500

Water waste treatment system ^(d)	N/A	1 line	N/A	1,550
Product traceability system ^(e)	N/A	3 units	N/A	450
Total				<u>15,000</u>

Notes:

- (a) Equipment used in the SMT assembly line, which are used in various processes in PCBA where components are mounted onto the PCB, such as solder paste printing and inspection machines, component placement machines and reflow ovens. The total amount allocated includes machine and set-up cost.
- (b) Used for manufacturing of plastic products by injection moulding. These new machines have lower tonnage capacities compared to the existing plastic injection moulding machines owned by our Group and are needed for the different product requirements of our box-build projects. The total amount allocated includes machine and set-up cost.
- (c) Used for automatic measurement of the true profile metric shapes of components and solder joints of PCBA with true 3-dimensional measurements.
- (d) Used for treatment of waste water generated from PCBA washing machine to a safe level before it is released to the environment.
- (e) Tracking and tracing solutions used for tracing goods and raw materials in manufacturing processes, where product and manufacturing information may be programmed directly onto the PCBA to allow for work-in-process traceability, real-time alerts, defects isolation, and shipping reconciliation. These functions are expected to increase safety and compliance assurance, cost reduction and process improvement.

Our Group expects to generate approximately RM100.0 million additional sales per annum from the upgrades and addition of the above mentioned new equipment and machinery. These expected sales are generally not secured under manufacturing contracts. Orders are placed directly by the customers. Currently, we have an average production capacity of 3,200,000 PCB per month from our SMT assembly line. Our production lines are currently running at close to maximum capacity catering for our existing customer demands.

(2) Purchase of raw materials for box-build segment

Box-build consists of undertaking end-to-manufacturing services from designing to shipping of completed products to customers' end users. As at the LPD, our Company has secured new box-build contracts with a total indicative value of RM150.0 million per annum for the next 2 years. The indicative value of our box build orders are not secured by contract and are based on customers' indicative purchase orders.

Our Company's existing cash and bank balances of RM17.98 million (net of bank overdrafts and pledged deposits) as at 30 June 2017 is needed to pay trade borrowings as and when they are due. Therefore, to further increase the production of box-build products, our Group shall utilise RM10.0 million to purchase raw materials for its new box-build contracts that were secured during the FYE 2017. We have yet to secure the purchase orders for these box-build contracts. The raw materials consist of electronic components, plastic parts and plastic resins.

(3) Expansion of R&D facilities and acquisition of intellectual property

Our Group intends to embark on its new growth phase towards becoming a vertically-integrated EMS provider by further strengthening our product mix, particularly from the box-build segment.

Vertical integration for an EMS provider is a strategy where a company expands its business operations into different steps on the same production path. For example, a manufacturer may vertically integrate by merging with its supplier and/or distributor. Conversely, a horizontally-integrated EMS provider requires an acquisition of assets or businesses whose activities that are similar as those of the provider.

In line with our Group's new growth phase, and based on our Group's present resources and expertise in electronics field under its R&D arm, the R&D facilities of our Group need to be expanded.

To support ODMs for consumer electronics products, our Company will need to acquire intellectual property related to Internet of Things technology by either joint collaboration or acquisition of related software. The Internet of Things is the interconnection via the Internet of computing devices embedded in everyday objects, enabling them to send and receive data. The intellectual property will provide us with the necessary development platforms and framework needed for the application and integration of consumer electronics products, which are increasingly used in the Internet of Things environment.

The expansion of our Group's other R&D facilities consist of purchases of R&D software, R&D equipment and other test equipment related to Internet of Things technology. These include but are not limited to design and networking software, networking components, tools and electronic parts such as sensors and controllers, all of which are used for testing, design and prototyping in our R&D.

(4) Repayment of bank borrowings

RM10.0 million will be utilised for the part repayment of our RM15.0 million outstanding Malaysian trade facilities drawn down for our Group's day-to-day operations being mainly the payment to our suppliers. The repayment of the bank borrowings will save our Group RM0.5 million in annual interest based on an average interest rate of 4.86% per annum. The total borrowings of our Group based on its unaudited consolidated financial statements for the financial year ended 30 June 2017 amounted to RM215.8 million, none of which are in default.

(5) Acquisition of new businesses or assets

Our Board believes that the proposed allocation of proceeds for the expansion in manufacturing facilities, purchase of additional raw materials and working capital will be able to support the increasing orders received. To further expand our business, an additional amount of up to RM23.6 million is allocated for the acquisition of new businesses or assets within the EMS sector or complementary business which involve amongst others the provision of PCB, PCBA and precision plastic injection moulding products and/or services. This may also include diversifying into other countries or locations such as Singapore, Thailand and China, or the acquisition of new businesses or assets with ready capacities in these countries. The amount of up to RM23.6 million was arrived at after taking into consideration amongst others, our Group's expansion into the box-build business, the higher costs of setting up a new small to medium sized EMS company. This amount will be placed into a separate account, where the utilisation of proceeds will require our audit committee's

approval. The utilisation of proceeds in this respect shall be disclosed in our quarterly announcements and Annual Report.

It should be noted that our Company has unutilised proceeds raised from our previous rights issue exercise of RM8.0 million for this same purpose. The timeline for the utilisation of the said unutilised proceeds mentioned above expires on 11 November 2017. In this respect, upon expiry, we will make the necessary public announcements and/or seek the necessary approvals to extend the timeline or vary the utilisation of proceeds.

As at the LPD, our Company has yet to finalise any negotiations for such acquisitions. The relevant information on the new businesses or assets will be announced on Bursa Securities as and when they are identified and where applicable, the relevant agreements are entered into. In this respect, we shall also seek the necessary approvals from the relevant authorities for such transactions entered into, where applicable.

In the event that the aforementioned acquisitions do not materialise within the timeframe disclosed above, the change in use of these funds will be subject to the approval of the shareholders of EGIB.

(6) Estimated expenses in relation to the Proposals

The following summarises the estimated expenses incidental to the Corporate Exercises to be borne by our Group:

Details	RM'000	%
Professional fees (including underwriting commission)	1,642	78.2
Fees payable to the authorities	93	4.4
Printing and advertising fees	30	1.4
Contingencies, being any expenses set out herein which are underestimated or other ancillary expenses such as travelling and meeting expenses	335	16.0
Total	2,100	100.0

Any difference in the actual expenses of the Corporate Exercises will be correspondingly adjusted to or from the proceeds allocated for working capital.

5. RISK FACTORS

In running our business activities, we face risks which may have potential impact to our Group's performance unless proper anticipation and mitigation measures are exercised.

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue. You should take note that these risk factors are not exhaustive. There may be additional risk factors, which are not disclosed below, that are not presently known to us or that we currently deem to be less significant, which may materially and adversely affect our business, financial condition, results of operation and prospects.

5.1 Risks relating to our Group

We are exposed to certain risks in the E&E industry. These risks include, without limitation, the following:

(i) Competition

Our Group is committed to manufacturing and developing products of high quality and would endeavor to maintain and expand our existing market share or position in the future. However, our Group faces competition from various quarters, including sourcing of our raw materials, new technologies and marketing of our products. The introduction of lower priced competition or significant price reductions by our competitors could result in price reductions that would adversely affect our business, financial condition and our operating results. The introduction of new technologies which would render our Group's manufacturing process technology less competitive or obsolete could have a similar adverse effect on our Group. Our Group also faces competition from potential new entrants to the EMS industry. There is no assurance that we will not be faced with increased competition that will adversely impact our business and, in turn, our financial performance.

(ii) Contract risks

The EMS services we provide to our customers are generally on a contractual basis. In general, these contracts do not provide for a fixed value of orders. Instead, customers will usually provide us with a forecast of their purchase orders for months in advance. These contracts are key to our financial performance, and some of them contribute significantly to our revenue. For example, as at the LPD, our Company has secured new box-build orders with a total indicative value of RM150.0 million per annum for the next 2 years. There is no assurance that we can continue to maintain all of our contracts for future years. Any termination or loss of these contracts may result in a material adverse impact to our financial performance.

(iii) Keeping updated with new technologies

Our products are subject to evolving industry standards and frequent new product introductions and enhancements. Our Group's future growth and success would significantly depend on continuing market acceptance of the portfolio of our products and our ability to develop new products to meet the needs of our customers. For this purpose, our R&D department strives to keep abreast with the latest technologies available and in demand by customers. In this respect, we have plans to expand our R&D facilities using the proceeds raised from the Rights Issue.

We may also experience design, marketing and other operational difficulties that could delay or prevent the development of our new products and services and the introduction of our products and services. There can be no assurance that we will be able to successfully anticipate technological changes and to develop new products in a timely manner and/or cost effectively. Such circumstances may in turn adversely affect our business operations and financial performance. Additionally, there can be no assurance that our R&D activities will be successful. Unsuccessful R&D activities may have a negative impact on our financial performance as we incur R&D expenses incurred may be substantial.

(iv) Financing risks

Our business is substantially financed through bank borrowings. Although the Rights Issue seeks to partially reduce our gearing, we may continue to undertake more borrowings in future for our expansion and/or operations. The total borrowings of our Group based on its unaudited consolidated financial statements for the financial year ended 30 June

2017 amounted to RM215.8 million and our gearing stood at 0.89 times. As such, our business is subject to the risk of fluctuations in interest rates. There can be no assurance that our Group will not be materially affected in the event of any fluctuation in interest rates.

(v) Business risks

Our Group is not insulated from general business risk as well as risks inherent in the manufacturing industry and those specific to the EMS industry. For example, our Group may be affected by a general downturn in the global, regional and national economy, specifically, the Malaysian and Thailand economy, constraints in labour supply, changes in law and tax legislations affecting the industry, increase in production costs, changes in business and credit conditions, fluctuations in foreign exchange rates, introduction of new technologies and threat of substitute products. No assurance can be given that any change in our business environment factors will not have a material adverse effect on our Group's business.

(vi) Foreign exchange risks

The business transactions of our Group such as purchases of raw materials sourced from China, Singapore and Europe and sales of our products to Malaysia, Singapore and Europe are transacted mainly in USD. However, our operating expenses are mainly paid in the local currencies of RM or THB. Accordingly, any significant fluctuation in foreign currencies in relation to the USD against the RM and THB may have an effect on our Group's financial results.

In addition, financial statements of our principal subsidiary in Thailand are denominated in THB. As such, any future depreciation in THB against RM may have a material negative impact on our Group's reported operating profits. Based on our unaudited financial statements for the FYE 30 June 2017, our principal subsidiary in Thailand contributed RM410.0 million (40.7%) in revenue, and RM0.7 million (3%) in after-tax profits.

Our management will continue to monitor our foreign exchange exposure by keeping abreast with current political and economic conditions in those countries which we have dealing with and Malaysia. If necessary, we will hedge our currency exposure. Notwithstanding the above, there can be no assurance that future fluctuations in USD and THB would not have an adverse impact on our financial performance.

(vii) Dependence on key personnel

Our Group believes that our continued success will depend significantly on the abilities and continued efforts of our Board and senior management. They are: Terence Tea Yoke Kian, our Executive Chairman, Kang Pang Kiang, our Group Chief Executive Officer, Cheryl Ng Sze Mun, our Group Chief Financial Officer, Shawn Chear Saw An, our Group Chief Marketing Officer and Mogan Karupiah, our Group Chief Technical Officer. The loss of several key members of our Board and senior management simultaneously or in a short period of time without timely replacement could adversely affect our Group's ability to compete in our industry. Every effort is made to recruit and retain skilled personnel to ensure the continued growth of our Group. However, despite our efforts, we cannot guarantee the retention of all our key personnel or a timely replacement in the event of a loss of such key personnel.

(viii) Environmental liability

Our Group's operations are regulated under a number of federal, state, provincial, local and foreign environmental laws and regulations which govern, among other things, the

discharge of hazardous materials into the air, soil, water and sewage systems as well as the handling, transport, storage and disposal of such materials. Compliance with these environmental laws is major consideration in the EMS industry because metals, solvents and other hazardous materials are used in the manufacturing process.

Our Group is a generator of hazardous wastes. We are potentially liable for costs associated with the investigation and remediation of sites at which it has arranged for the disposal of hazardous wastes, if such sites become contaminated.

In addition, it is possible that in the future new or more stringent laws and regulations could be imposed, which may have a material effect on our Group's operations. To date, our Group has disposal procedures in line with standards prescribed by the relevant authorities at both our Sungai Petani and Thailand plants. However, no assurance can be given that any liability arising from non-compliance with any of the applicable environmental laws will not have any adverse effect on the operations of our Group.

(ix) Operational risks and inadequate insurance coverage

We face various operational risks such as accidents, outbreaks of fire or floods and natural disasters, which may cause significant losses or damage to our inventory, production facilities, warehouse and office, thus disrupting and affecting our business operations.

We have taken up insurances which cover fire and burglary as well as personal accident insurance for our employees. Nonetheless, there is no assurance that our insurance coverage is sufficient to compensate the potential financial losses which may arise from fire, burglary or accidents. There are also other risks such as natural disasters, riots, and general strikes that cannot be reasonably insured against, which may adversely affect our operations.

(x) Political, economic and regulatory considerations

Like all other business entities, changes in political, economic and regulatory conditions in Malaysia, Thailand and worldwide regions where our customers and suppliers operate could materially and adversely affect the financial and business prospects of our Group and the markets of our end products. Amongst the political, economic and regulatory uncertainties are the changes in political leadership, expropriation, nationalisation, changes in interest rates and methods of taxation and currency exchange rules and contracts.

At present, we have a subsidiary which is operating outside of Malaysia, namely SMT Industries Co., Ltd. (Thailand). Our Group has plans to expand in Thailand by also setting up new SMT assembly lines. These plans are still preliminary but are expected to materialise in mid-2018. By expanding our operations in Thailand, our future growth and level of profitability will be subjected to risks arising from the economic, political, legal, administrative and social conditions of Thailand. During October 2013 till May 2014, there were occurrences of social unrest in Thailand. However, our operations were not materially affected by the events during those periods. Nevertheless, any unfavorable changes in the abovementioned foreign operation risks in future could, potentially, have an adverse effect on our Group's operations and financial performance.

5.2 Risks relating to the Corporate Exercises

(i) No prior market for our RCPS

The RCPS is a new class of securities for which there is currently no prior market. No assurance can be given that an active market for the RCPS will develop upon or subsequent to the listing of and quotation for the RCPS on the Main Market of Bursa Securities or, if developed, that such a market is sustainable or adequately liquid during the tenure of the RCPS. The RCPS will be traded on Bursa Securities at prices which are dependent upon market forces and is beyond our control.

There can be no assurance that the market price of the RCPS will trade at or above the issue price of RM0.95 subsequent to their listing. In addition, there can be no assurance that the market price of the EGIB Shares will remain at or above the conversion price of the RCPS during the tenure of the RCPS.

(ii) Credit risk of the RCPS

The RCPS bear a cumulative preference dividend rate of 2% per annum calculated on the outstanding nominal value of the RCPS, payable in arrears on an annual basis. In this respect, we will maintain a prudent cash flow management policy and constantly monitor our cash flow position to fulfil our obligation to service the dividend payments in order to mitigate the credit risk of the RCPS. However, there can be no assurance that we will be able to maintain our financial performance and generate sufficient profits and cash flow to pay these dividends.

(iii) Market price of the RCPS

The market price of the RCPS, like all listed securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, amongst others, trades in substantial amount of the RCPS on the Main Market of Bursa Securities in the future, the market price and volatility of EGIB Shares, announcements relating to the business of our Group and the financial performance of our Group.

In addition to the fundamentals of EGIB, the future price performance of the RCPS will also depend on various external factors such as the economic and political conditions of the country, sentiments and liquidity in the local stock market as well as the performance of regional and world bourses.

On the other hand, the market price of EGIB Shares will be influenced by, amongst others, the prevailing market sentiments, volatility of the stock market of the country, operating results of our Group and prospects of the industries in which our Group operates.

As each RCPS will be issued at RM0.95 and will be entitled to a Bonus Share, there can be no assurance that the aggregate market price of the RCPS and Bonus Share, upon or subsequent to their listing, will remain trading at or above the said issue price. In addition, there can be no assurance that the market price of the EGIB Shares will remain at or above the effective conversion price of the RCPS during the tenure of the RCPS.

(iv) Delay in or failure of the Corporate Exercises

The Rights Issue and Bonus Issue, which are inter-conditional, may be aborted or delayed on the occurrence of events beyond the reasonable control of our Company and Principal Adviser (including without limitations, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil, commotion, sabotage, national

disorder, declaration of a state of national emergency, acts of war or accidents), arising prior to the implementation of the Rights Issue.

In this respect, according to Section 243 of the CMSA, all monies raised in the Rights Issue which are held in a trust account for our Company will be refunded free of interest within 14 days to the relevant Entitled Shareholders in the event the Rights Issue is aborted. Monies not repaid within 14 days will be returned with interest at the rate of 10% per annum or at such other rates as may be prescribed by the SC. Notwithstanding the above, our Company will exercise its best endeavour to ensure the successful implementation of the Rights Issue. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue.

In the event that the RCPS and Bonus Shares have been allotted to you and/or your renounee(s) and/or transferee(s) (if applicable) and the Rights Issue with Bonus Issue is subsequently cancelled/terminated, a return of the monies to the holders of the RCPS and Bonus Shares can only be fulfilled by way of cancellation of our share capital as provided under the Act. Such cancellation may be carried out with the approval of our shareholders by way of special resolution in a general meeting and confirmation by the High Court of Malaya or supported by a solvency statement made by all directors of our Company. There can be no assurance that such monies can be recovered within a short period of time or at all under such circumstances.

(v) Potential dilution

Entitled Shareholders who do not accept their provisional offer of the RCPS will have their proportional ownership and voting interest in EGIB reduced.

(vi) Forward-looking statements

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

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter alia, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

The overview and prospects of the Malaysia and Thailand economy as well as the EMS market in Malaysia and Thailand are set out below.

6.1 Malaysia economic overview

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

more moderate expansion in investment. On a quarter-on-quarter seasonally adjusted basis, the economy recorded a growth of 1.3% (1Q 2017: 1.8%).

The Malaysian economy is expected to grow more than 4.8% in 2017. The services sector is expected to remain the largest contributor to the economy by accounting for more than half of Malaysia's real GDP in 2017.

(Source: Bank Negara Malaysia)

6.2 Thailand economic overview

The Thailand economy registered a 3.2% growth in its real GDP in 2016 as compared to a 2.9% growth registered in 2015. The Thai economy continued to recover in 2016 since its political turmoil that was resolved in late 2014, and was mainly driven by exports of services and public investment.

The Thai economy is projected to grow by 3.5% in 2017 and 3.7% in 2018. The main drivers of growth were expected to be improvements in exports of goods and services from its trading partners' economies, the sustained fiscal impulse from investment projects and the gradual recovery of private consumption.

(Source: Bank of Thailand)

6.3 Introduction to the EMS market

Overview

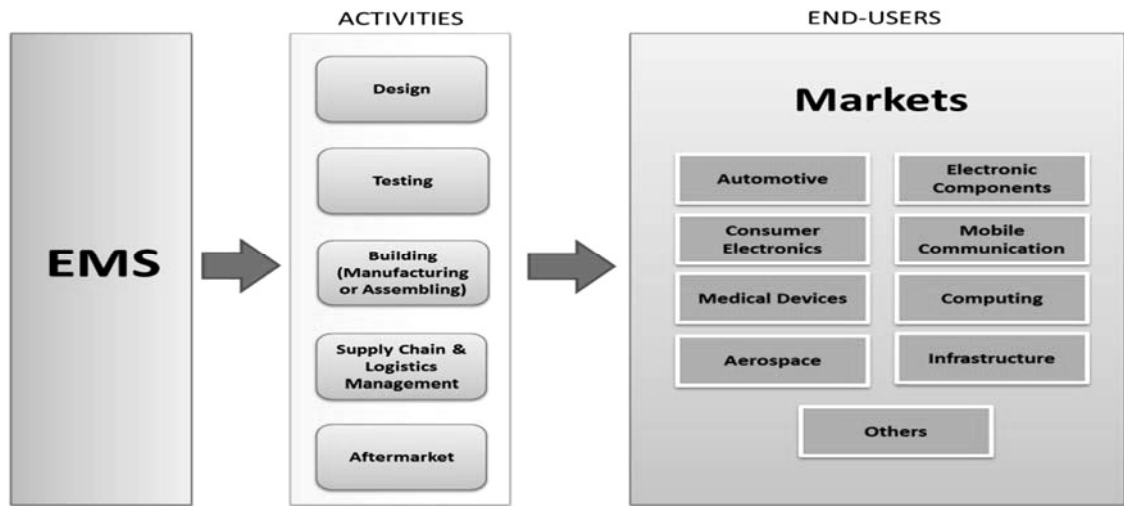
The EMS market has been playing an integral role in the development and growth of manufacturing industries worldwide. This includes full range of services from contract design and manufacturing to post-manufacturing services. EMS market players act as strategic outsourcing partners for various manufacturing concerns, particularly the OEMs by assisting them in their manufacturing related activities.

As the EMS market players are typically involved in more than one of the activities, it is not surprising that they are resourceful in terms of supply and manpower, and generally well equipped with the latest equipment and machineries. In addition, they typically possess sound knowledge and expertise on electronics related manufacturing and process technologies.

End-user markets For EMS

In this technological era where electronics are used in the manufacturing of a wide spectrum of products, EMS' end user markets are wide and span across various industries within the manufacturing sector. The support provided by the EMS market to the manufacturing sector is crucial as the manufacturing sector is reliant on EMS market players for their ability to design, test and build E&E products, as well as to provide supply chain and logistics management as well as aftermarket requirements such as service, maintenance and repairs to the end user markets. Figure 1 below depicts the end-user markets for EMS that include but are not limited to the automotive, aerospace, computing, consumer electronics, electronic components, infrastructure, medical devices and mobile communication markets.

Figure 1: The end-user markets for EMS



(Source: Protégé Associates)

6.4 Overview of the E&E industry in Malaysia

The EMS market in Malaysia provides key manufacturing support to the local E&E industry. The growth of the EMS market is tied to the development of the local E&E industry. The growth of the EMS market in Malaysia has over the past decades accelerated in tandem with the overall growth of the local E&E industry. As such, Protégé Associates will also provide an overview of the E&E industry in Malaysia.

The development of the E&E sector in Malaysia is catalysed by numerous multinational corporations as they choose Malaysia as their production hub in the region. Malaysian market players have also started to develop significant capabilities and skills in manufacturing a wide range of electronic products. Through government efforts and continuous R&D activities, local market players have also continued to move up the production value chain to produce higher technology and value added products. Under the local context, the Malaysian E&E industry can be divided into four sub-sectors which are electronic components, industrial electronics, consumer electronics and electrical products.

In terms of performance, the E&E products cluster in Malaysia registered a set of mixed results in 2016. For example, the production of air-conditioners, electronic transistors, semiconductors, insulated wires and cables, identity card(s) ("IC(s)") and radios increased while the production of television sets decreased in 2016 as seen in the following figure.

Production of Selected E&E Products in Malaysia, 2012-2016

Product	2012	2013	2014	2015	2016
Air-Conditioners (units)	2,665,326	2,633,717	2,910,427	2,481,902	2,675,644
Semiconductors (million units)	19,765	19,281	15,017	11,797	13,556
Electronic transistors (million units)	36,119	35,362	36,577	35,523	37,553
ICs (million units)	39,391	35,686	24,613	24,253	29,691

Product	2012	2013	2014	2015	2016
Insulated wires and cables (tonne)	69,610	86,384	79,012	75,331	86,587
Television sets (units)	13,054,444	17,072,420	12,498,477	8,622,257	7,744,738
Radios ('000 units)	28,365	18,954	13,242	8,939	13,985

(Source: Department of Statistics Malaysia)

In terms of external trade, Malaysia registered an increase in exports and imports of E&E products in 2016. Total exports of E&E products increased by 3.5% from RM277.92 billion in 2015 to RM287.72 billion in 2016. The slower growth of exports in 2016 as compared to the 8.5% growth recorded in 2015 can be attributed to the effects of volatile currency fluctuation, falling oil prices as well as slower economic growth. Major export destinations include China, the United States of America ("USA"), Singapore, Hong Kong and Japan. Meanwhile, total imports of E&E products rose by 4.3% from RM201.32 billion in 2015 to RM209.94 billion in 2016, with top import sources from China, Singapore, USA and Japan.

Malaysia's Exports and Imports of E&E Products, 2012-2016

Year	Exports (RM million)	Imports (RM million)
2012	231,279	175,008
2013	236,982	179,617
2014	256,145	190,736
2015	277,923	201,319
2016	287,718	209,941

(Source: Department of Statistics Malaysia)

The E&E industry in Malaysia has since decisively undergone structural changes that involved diversifying into higher value-added and faster-growing segments such as solar components and semiconductors that are used in the automotive, consumer electronics and cloud computing businesses. There is also ongoing reorientation of the industry to become increasingly capital-intensive rather than labour-intensive, reflecting the move towards automation as well as higher value-added activities incorporating R&D, design and development, after sales support and marketing, instead of purely mass assembly and production.

The local E&E industry has also continued to receive favourable attention from investors. In 2016, investments in the E&E industry amounting to an estimated RM9.7 billion have been approved, with 89.7% of the investments over the first three quarters of 2016 coming from foreign investors.

Moving forward, the Malaysian Government has projected the E&E industry to contribute RM90.1 billion to gross national income and 157,000 jobs by 2020. There is still room for the local E&E industry to further diversify into other fast-growing segments. The growing pervasiveness of the Internet of Things ("IoT") is also expected to provide further impetus for the growth of the E&E industry in Malaysia.

6.5 Overview of the E&E Industry in Thailand

The size of the E&E industry in Thailand is estimated to be around USD100 billion in 2016. The industry has played an important role in Thailand's economy as a major export earner and has helped to position the nation as the regional leader for E&E products in the Southeast Asian region. In 2016, Thailand's export of E&E products was valued at USD60.0 billion, which accounted for 24.0% of Thailand's export revenue.

On a global level, Thailand is the world's second largest producer of air conditioning units and fourth largest producer of refrigerators. Thailand is also the largest electrical production base in ASEAN for the electrical appliances sector. Manufacturing production for E&E products has also picked up due to increasing global and domestic demand. For instance, the 10-year CAGR from 2005 to 2015 of air conditioner separate type condensing units and air conditioner separate type fan coil units were 9% each, and air conditioner compressors recorded a 3% CAGR over the same period.

The E&E industry in Thailand has also continued to receive favourable attention from foreign investors. From January to November 2016, a total of 64 E&E projects with accumulated foreign investment value of USD1.09 billion were approved. This accounted for 17.4% of total foreign investment value of USD6.27 billion registered in 2016 (January to November).

The electronics sector in Thailand is one of the most notable industries within the manufacturing sector in Thailand. Production of HDDs also accelerated due to high demand, and the production of HDDs has registered a 31% 10-year CAGR from 2005 to 2015. HDDs and ICs are the main electronics produced in Thailand. Thailand is currently the world's number one production base for HDDs. Growth in data creation is expected to be 44 times by 2021 while storage capacity for the creation of data is expected to only increase by about 30 times. The significant gap in this demand and supply indicates a bright future for the HDD industry.

(Source: Protégé Associates)

6.6 Overview of the world's consumer electronics industry

The consumer electronics industry encompasses a broad range of products which can be generally classified into consumer electronic devices, wearable devices and smart home devices. The global consumer electronics industry has been growing and evolving for the past few years due to the technology advancement in the sector, especially due to advancements in the proliferation of the IoT and big data analytics. This industry is highly competitive on account of a variety of factors, including but not limited to the relatively short product life cycle of consumer electronic products due to fast paced technological developments and continued convergence of technologies, as well as demographic shifts and changing consumer behaviour.

Revenue for the global consumer electronics industry was estimated at around USD1.45 trillion in 2015, and grew to approximately USD1.71 trillion in 2016. Over the years, consumer electronic devices continued to dominate the industry and is expected to remain dominant in the near to medium term. In particular, smartphones accounted for the bulk of the revenue generated, and is expected to be the fastest growing sub-segment over the next few years. Smartphones are expected to continue to dominate global consumer electronics revenues, with global revenues projected to reach USD777 billion in 2017, from USD544.2 billion in 2015. Additionally, global sales of smartphones totalled nearly 1.5 billion units in 2016, an increase of 5% from 2015.

The global consumer electronics industry can be segmented into seven major regions, including North America, Latin America, Western Europe, Eastern Europe, Asia Pacific

excluding Japan (“APEJ”), Japan and the Middle East & Africa. Among the regions, the APEJ region is anticipated to experience the fastest growth and retain its current dominance of the market, with a projected 31% market share by 2020. North America, led by the US, is expected to remain the second largest consumer electronics market with a projected market share of 16% by 2020. The next major market is expected to be Western Europe.

This is expected to be driven by the large population in China coupled with increasing willingness by the people to spend on electronics products. Additionally, rapid growth in infrastructure and economic development in several APEJ countries is expected to boost the growth of the smartphone market in this region, which will also support the growth of the consumer electronics industry there.

Supported by factors including increasing disposable income, an expanding middle class population and a growing Internet penetration rate, the outlook for the global consumer electronics industry is expected to remain bright in the near future. As such, the world’s consumer electronics industry is expected to continue growing with a CAGR of over 15% for the 2017 to 2021 period, and global revenue of the industry are projected to reach around USD2.98 trillion in 2020.

The continued growth of the global consumer electronics industry augurs well for the global EMS market. EMS market players with exposure to the consumer electronics industry can continue to look forward to further tailwinds from the expected sustained growth in the consumer electronics industry as well as ongoing proliferation in products.

(Source: Protégé Associates)

6.7 Overview of the EMS Market in Malaysia and Thailand

Demand and Supply Conditions Affecting the EMS Market in Malaysia and Thailand

Demand Conditions Affecting the EMS Market in Malaysia and Thailand, 2017-2021

Impact	Demand Conditions	Applicability (✓)		Short-term	Medium-term	Long-term
		Msia	Thai	2017-2018	2019-2020	2021
+	Rising Trend towards Outsourcing	✓	✓	High	High	High
+	Technology Advancement	✓	✓	High	High	High
+	The Presence of an Established Electronics Cluster in Malaysia	✓		High	High	High
+	Existing E&E Cluster Providing Ready Market		✓	Medium	Medium	Medium
+	Expanding Local and Global Economies Spurring Customer Demand for Electronic Products Offered by End-user Markets	✓	✓	Medium	Medium	Medium
+	Growing Global Population	✓	✓	Medium	Medium	Medium

Notes:

- 1) ✓ in the Msia column denotes that the demand condition is applicable to the EMS market in Malaysia.
- 2) ✓ in the Thai column denotes that the demand condition is applicable to the EMS market in Thailand.

(Source: Protégé Associates)

Rising trend towards outsourcing

The technological era has seen the rapid development of technology used in the electronics industry. This has resulted in the cyclical nature of the electronics industry due to shorter product life cycles and thus creating a demand for new machineries, production facilities, latest materials and components that will be used to cope with the latest advancement in electronics industry. As consumers are being pressured to keep up with the rapid development in technological trends such as the smart phones, smart watches and ultra-high-definition television sets, the electronic industry has consequently been facing pricing pressure as customers of electronic products expects electronic products of higher capabilities to be priced at a lower price as compared to their predecessors. This has posed a constant stream of challenges for companies along the supply chain to minimise production cost.

Cost reduction, shorter lead times, delivery reliability and efficiency has become the main areas of attention as manufacturers strive to improve operation competitiveness. Manufacturers turn to outsourcing their manufacturing processes to EMS companies as a way to streamline time-to-market, minimise cost-to-manufacture and deliver greater flexibility. The importance of cost minimisation has been highlighted by rising global competition and additional complexity due to compliance with more stringent environment standards. Once manufacturers have decided on their core activities, they prefer owning as few fabrication units as possible. Hence, manufacturers usually decide to outsource their work partially, or wholly, to the EMS companies due to the pressure on prices, capital costs, the uncertainty in product demand and the related logistical and inventory problems.

Outsourcing is increasingly perceived as a strategic partnership between manufacturers and EMS companies. Manufacturers that outsource their product manufacturing at a higher level are also becoming a trend. Outsourcing at a higher level implies greater product complexity and longer lead time. Sub-processes such as development and engineering of these electronic components and systems are also increasingly being outsourced to EMS companies. A number of benefits can be experienced by the manufacturers through outsourcing. For instance, the manufacturers can avoid a large capital expenditure tied to the purchase and maintenance of state-of-the-art test and assembly equipment and eliminate the hiring costs of staffing the operations. As such, the manufacturers will be able to focus on their core competencies, specifically brand management and supply chain management. This development bodes well for the EMS market in Malaysia and Thailand.

Technological advancement

Technological advancement has facilitated an increasing use of electronics and related devices in both traditional and non-traditional end-user markets. Due to the rapid technological advancement in the electronics sector, new content in manufactured products are being produced as consumers demand for more products which are portable, powerful, and with more functionalities. Rising technological trends such as the IoT have also created demand for connectivity, convergence and efficiency in the technologies used in everyday lives. This has become a demand driver for the EMS market in Malaysia and Thailand as manufacturers turn to the EMS market to manufacture their products as a more cost effective and efficient alternative. The trend is particularly visible in the automotive market and the mobile device market which are every day tools used by consumers.

The increasing electronics content has expanded the range of end-user markets for the EMS market in Malaysia and Thailand. In addition, shorter product life cycles and increasing complexity and sophistication of electronic products as a result of advancement in technologies are expected to encourage further demand for EMS.

The presence of an established electronics cluster in Malaysia

Malaysia's market oriented economy combined with its skilled workforce and excellent infrastructure has attracted both local and foreign investors to heavily invest into its electronics industry. The business-friendly environment and local government incentives have encouraged investors to set up their production base in the country. The influx of investments since 1970 has led to a marked transformation in the stature of the local electronics industry. Today, most global E&E leaders from Intel to Texas Instruments have operations in Malaysia. Their strong presences here in Malaysia have lent further credence to its strong reputation in the electronics industry leading to the sector spawning local firms such as IRIS Corporation Berhad, Tenaga Switchgear Sdn Bhd and Pensonic Holdings Berhad. The local electronics capacities are absorbed by both the local and regional demand.

The presence of an established electronics cluster in Malaysia augurs well for the growth in the local EMS market. The electronics cluster is expected to be further driven by the 12 National Key Economic Areas ("NKEAs") efforts to drive the local economy under the Economic Transformation Programme ("ETP") and the 11MP, such as the launching of the Iskandar Project, which is designated to be the prime hub for nine economic clusters including E&E. The electronics cluster provides the local EMS market with a potential sizeable ready market and also helps to spawn the rapid build-up of EMS capacities in Malaysia with major multinational and local companies joining the bandwagon to become closer to their customers.

Existing E&E cluster providing ready market

The E&E cluster in Thailand, particularly the HDDs and IC cluster, has provided the manufacturers with a ready market for their goods as HDDs and ICs are used in the manufacturing of computers, tablets and other devices. The presence of an established electronics cluster in Thailand augurs well for the growth in the local EMS market there. The electrical cluster provides the local EMS market with a potential sizeable ready market and also helps to spawn the rapid build-up of EMS capacities in Thailand with major multinational and local companies joining the bandwagon to become closer to their customers.

Expanding local and global economies spurring customer demand for electronic products offered by end-user markets

The EMS market is sensitive to the economic cycles that are affected by the local and global economies. Any unfavourable local and global economic conditions may lead to the deterioration of its end-user market businesses – leading to the delay or cancellation of plans to withhold the manufacture of electronic products. On the global front, IMF has projected the growth in the world output to be 3.5% and 3.6% in 2017 and 2018 respectively. Malaysia's real GDP is expected to grow by 4.3% to 4.8% in 2017. The real GDP of Thailand is expected to expand 3.0% in 2017 and 3.3% in 2018. Expanding local and global economies can help to boost consumer sentiment and fuel the consumption of products offered by the end-user markets for the EMS market in Malaysia and Thailand.

Growing global population

Following the growth in the world's population, there is likely to be a corresponding increase in demand for electronic products, improving the need of OEM companies in the region. This

in turn, is expected to fuel more demand for the production of PCBs and other electronic components.

In this technological era, technological tools have become an everyday necessity that people use to become more interconnected to the world. Manufacturers strive to come up with newer technologies to increase functionality or simplify data access in the manufactured electronics. As the population matures, the demand for E&E products such as mobile phones, computers, tablets and other electronics that have become a necessity in this technological era is expected to be more prevalent. The huge demand for these devices and customer's expectation of more affordable electronic devices spurs the growth of the EMS market in the region including the EMS market in Malaysia and Thailand.

Supply Conditions Affecting the EMS Market in Malaysia and Thailand, 2017-2021

Impact	Supply Conditions	Applicability (✓)		Short-term	Medium-term	Long-term
		Msia	Thai	2017-2018	2019-2020	2021
+	Encouraging Government Support	✓	✓	High	High	High
-	Heightened Risk of Terrorism Attacks Derailing the Economy		✓	High	Medium	Medium
-	Tough Environment for the Hiring of Workers	✓	✓	Medium	Medium	Medium
-	Insufficient Design Engineers	✓		Medium	Medium	Low

Notes:

- 1) ✓ in the Msia column denotes that the supply condition is applicable to the EMS market in Malaysia;
- 2) ✓ in the Thai column denotes that the supply condition is applicable to the EMS market in Thailand.

(Source: Protégé Associates)

Encouraging government support

In Malaysia, government support has been instrumental to the development of the E&E industry. Any development in the E&E industry can only serve to benefit its supporting EMS market. Government policies can directly or indirectly affect the industry in terms of research funding, taxes, education, and rules and regulations. As the E&E industry has been identified as one of the most important sectors contributing to the Malaysian economy, it has been named as one of the National Key Economic Areas under the Economic Transformation Programme. The local E&E industry can look forward to prioritised investment and policy support from the Malaysian Government for its continuing development.

Furthermore, the 11MP that is to be implemented during the period from 2016 to 2020 targets an expansion of the country's GDP between 5% to 6% per annum, with the manufacturing and services sector contributing more than 75% of GDP. The 11MP plan aims to move the country's manufacturing sector towards more complex and diverse products, with the E&E industry playing a crucial role, as it is one of the sectors with high potential for growth. The country's participation in the ASEAN Economic Community is expected to boost trade and

investments in the E&E industry as over 600 million people in the region join to form a single market and production base, resulting in a highly competitive economic region.

In Thailand, the Government of Thailand as well as other organisations such as the E&E institute, Hard Drive Disk Programme, and Thailand International Park have been supporting the growth and competitiveness of the E&E industry. Among the efforts to facilitate the growth of the E&E industry in Thailand include the tax and duty exemptions granted to E&E investments by the Board of Investment of Thailand. As a participant in the ASEAN Economic Community, Thailand is expected to see a boost in trade and investments.

With continuing government support, the E&E industries in both Malaysia and Thailand are expected to continue on their development paths. As the key supporting market to the E&E industry, the EMS market in Malaysia and Thailand is expected to continue to benefit from the support to the E&E industry provided by the Malaysian Government and Thai Government.

Heightened risk of terrorism attacks derailing the economy

The bombing in Thailand that occurred on 17 August 2015 at the heart of the tourism district is expected to impact the country's economy as the market expects investor and consumer sentiment to be affected following the incident. There have also been other such incidents in Thailand on 11 to 12 August 2016, several bombings took place in Hua Hin, Surat Thani, Phuket and Trang. In addition, the country is now expecting to see a decline in tourism as travellers usually opt out of travelling to countries with perceived risk. The occurrence of the bombing bodes ill for the Thailand EMS sector as investors are expected to be wary of making new capital investments and may even move their business operations to other more stable countries in the region due to fear of repeated events of terrorism in the country.

Tough environment for the hiring of workers

In order to minimise operational cost, it is vital for EMS market players to hire relatively low-skilled workers to ensure continuity of their operations. However, the attrition rate involving relatively low-skilled workers in this market is considered to be relatively high particularly among the local workers. Additionally, the younger population of Malaysia and Thailand tend to attach a social stigma to jobs that require low-skilled workers due to reasons such as low wages, long hours, shift duties, limited career progression and/or the lack of glamour in these jobs. As such, market players in the local EMS market face an uphill task in recruiting relatively low-skilled workers. In addition, market players in the EMS market in Malaysia and Thailand also need to grapple with continuing upward pressure on the cost of employing workers.

Insufficient design engineers

The establishment of design centres is prevalent among the multinational companies in states such as Penang. These centres are mainly integrated with the R&D organisations in the corporations. The main focus of these design centres includes IC design, validation and characterisation, as well as significant responsibilities for package and process developments. As a result of these activities, each individual company has been establishing sophisticated laboratories and demanding for more design engineers to conduct the R&D activities. However, there is still a lack of design engineering graduates coming out from the education system in Malaysia despite on-going efforts to build a sizeable talented workforce to meet the industry's demand. Furthermore, most fresh engineers seem to prefer overseeing production activities rather than design works. Given the lack of talent in the country's labour market, these corporations need to hire and train the potential employees which required considerable time and resources. This development may hinder the competitiveness of electronic products as a result of potentially slower progress in the creation and innovation of new electronic products, which would not augur well for the growth in the local EMS market.

6.8 Prospects and outlook of the EMS Market in Malaysia and Thailand

Malaysia

The outlook for the EMS market in Malaysia is positive. The EMS market in Malaysia is expected to grow throughout the forecast period from 2017 to 2021 in line with the anticipated growth of its local E&E industry. Malaysia's export revenue of E&E products is projected to increase by about 5.3% in 2017.

The positive outlook on the demand for EMS in Malaysia stems mainly from the rising trend towards outsourcing, technological advancement, the presence of an established E&E cluster in Malaysia, expanding local and global economies that spur consumer demand for electronic products offered by end-user markets and growing global population that fuel demands for consumer electronics.

On the supply side, positive impact is expected from the encouraging government support. Nonetheless, market players need to be mindful of the tough environment for the hiring of workers and the insufficiency of design engineers. EMS market players in Malaysia such as EG Industries stand to benefit from the growth prospects of the EMS market in Malaysia.

Thailand

The outlook for the EMS market in Thailand is positive. The EMS market in Thailand is expected to continue to expand throughout the forecast period from 2017 to 2021, in line with the growth of its local E&E industry. Thailand's export revenue of E&E products is expected to increase by about 2.0% in 2017.

The positive outlook on the demand for EMS in Thailand stems mainly from the rising trend towards outsourcing, technology advancement, the presence of existing E&E cluster in Thailand that provides a ready market for EMS. Other expected positive demand conditions includes the projected expanding local and global economies that spur consumer demand for electronic products offered by end-user markets as well as growing global population that fuel demand for consumer electronics.

On the supply side, positive impact is expected to stem from the encouraging Thai Government support. However, EMS market players need to grapple with the heightened risk of terrorism attacks derailing the economy as well as the tough environment for the hiring of workers.

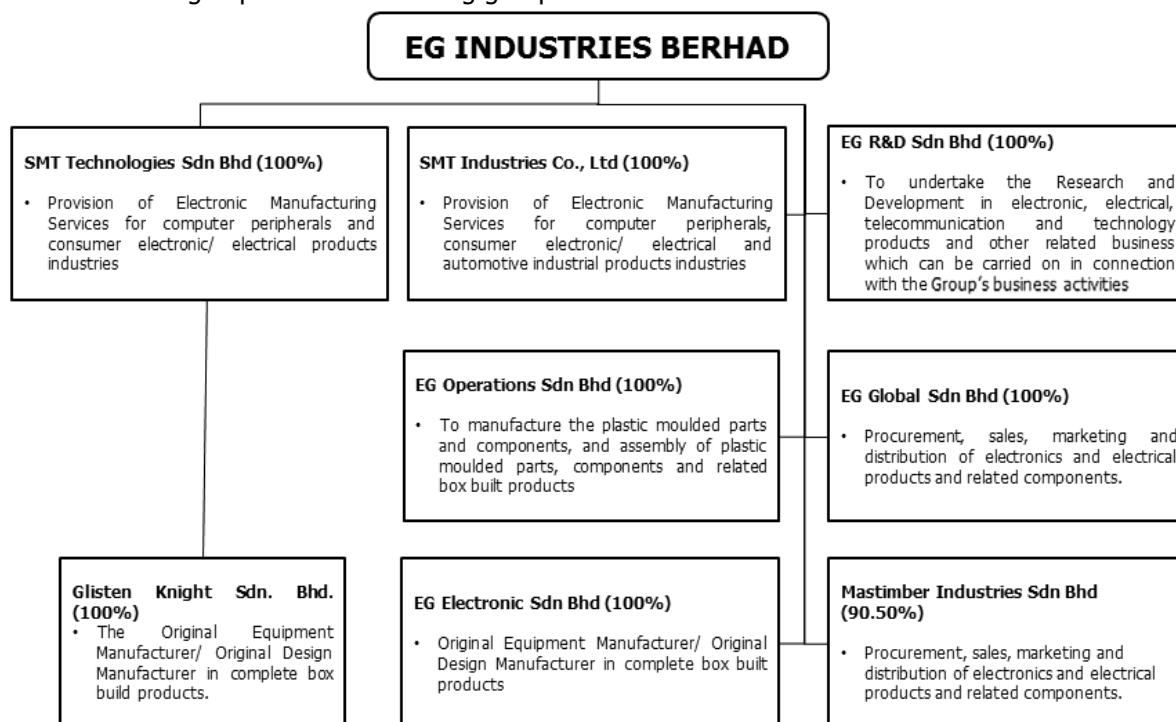
(Source: Protégé Associates)

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6.9 Prospects of our Group

We offer a wide range of EMS services ranging from OEM and ODM of complete box-build, PCBA, flex circuit assembly, modular components and other such full turnkey solutions. Our Group's products are used in a wide range of applications such as computer and peripherals, mobile telecommunication, Personal Digital Assistant handheld devices, measuring equipment, audio video and automobile.

The following depicts EGIB's existing group structure:



Through our 3 manufacturing facilities located in Malaysia and Thailand, our Group provides EMS services to customers in Malaysia, Singapore, Thailand and Europe with between 2 to 20 years length of relationship with our major customers. As at the LPD, our Group's outstanding order book stands at RM250.0 million to be delivered in 3 months.

The geographical breakdown of EGIB's revenue for the unaudited FYE 2016 and 2017 is as follows:

	<u>Malaysia</u>	<u>Singapore</u>	<u>Europe</u>	<u>Thailand</u>	<u>Others</u>	<u>Consolidated</u>
FYE 2016						
Revenue (RM'000)	229,338	164,855	53,671	196,506	68,319	712,689
%	32.2	23.1	7.5	27.6	9.6	100.0
FYE 2017						
Revenue (RM'000)	279,671	143,574	6,683	404,624	173,570	1,008,122
%	27.7	14.2	0.7	40.1	17.2	100.0

The table below shows the segmental revenue and profit contribution of our Group for the past 3 FYEs.

	Audited		Unaudited
	FYE 2015	FYE 2016	FYE 2017
	RM'000		
<u>Segmental revenue</u>			
EMS and OEM/ODM segment	635,940	712,243	1,008,034
Other non-reportable segment ⁽¹⁾	135	446	88
Total	636,075	712,689	1,008,122
<u>Segmental profit/(loss)</u>			
EMS and OEM/ODM segment	11,521	23,684	24,532
Solid wood parquet flooring ⁽²⁾	(1,310)	-	-
Other non-reportable segment ⁽¹⁾	13,418	(2,460)	239
Total	23,629	21,224	24,771

Notes:

- (1) Being operations related to investment holding and research and development.
- (2) The losses incurred in this segment were mainly due to impairment losses of plant and equipment as the segment has been dormant since February 2014 (2015: RM1,291,000, 2014 : RM1,163,000).

Prior to the current Rights Issue, we had on 11 November 2015 completed a renounceable rights issue of 115,241,392 EGIB Shares together with 57,620,696 free Warrants-C at an issue price of RM0.50 per Share, which raised proceeds of RM57.6 million ("Completed Rights Issue with Warrants") and was utilised primarily for the expansion of the Group's EMS business, working capital and repayment of bank borrowings.

Moving forward, our Group expects to face increasing challenges due to the prevailing economic uncertainties resulting in greater degree of volatility in the overall customer orders. In light of these challenges, our Group will continue its focus on moving up the value-chain by offering one-stop EMS solutions including design and development services to strengthen our position as a one-stop vertically-integrated EMS provider.

In line with this focus, we expect higher growth in box-build projects compared to the time when the Completed Rights Issue with Warrants was implemented. To achieve this growth, we need additional equipment and facilities to strengthen our box-build product mix. Further details of this expansion are set out in Section 4 of this Abridged Prospectus. This expansion is to be funded by the Rights Issue, and is in addition to the expansion that was funded by the Completed Rights Issue with Warrants.

Box-build consists of undertaking end-to-manufacturing services from designing to shipping of completed products to customers' end users. These services may include, among others, enclosure fabrication, installation of subassemblies and components, and routing of cabling or wire harnesses.

Our Group also intends to grow our clientele in our core business of PCBA to reap the benefits of economies of scale, with a view to propel them towards our box-build offerings.

Furthermore, we aim to capture a larger share of the EMS value chain, which spans the services of design, manufacture, test, assembly, distribution, and provision of return/repair services for electronic products and components. Our Group has made good progress in our quest to be a vertically integrated player by offering design, PCBA and assembly. Our Group

had most recently added the final component of distribution, which is the shipping of completed products to our customers' end users. This is a value-added service that gives us a competitive edge in comparison to those who do not provide such service. Being able to provide such a service makes the Group a preferred partner and will better meet the requirements of our global multinational corporation customers. This will help us to penetrate into the growing markets of South East Asia.

At the same time, our Group expects to continue to emphasise the in-house R&D function to enhance the value-add to our customers and foster a closer relationship.

As part of our Group's long-term growth plan, it is looking up for mergers and acquisition opportunities that can complement the services our Group provides to our customers. These revenue-accretive strategies would be accompanied by our philosophy to target continuous improvement in operational efficiency. We are constantly looking for new technology, process improvements and ideas to optimise our cost structure. Overall, our Group is optimistic of the EMS sector's outlook and intends to capture these growth opportunities to sustain our expansion in the future.

Additionally, among our long term plans, we wish to inform that on 25 March 2016, M&A Securities on behalf of our Company announced our proposal to undertake the listing of SMT Industries Co., Ltd, our wholly owned subsidiary on the Market for Alternative Investment of the Stock Exchange of Thailand. The Proposed Listing is currently put on hold pending further deliberation by the Board

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7. EFFECTS OF THE RIGHTS ISSUE AND BONUS ISSUE**7.1 Share capital**

The pro forma effects of the Rights Issue and Bonus Issue on the issued share capital of our Company as at the LPD are as follows:

	Minimum Scenario			Maximum Scenario		
	EGIB Shares		RCPS	EGIB Shares		RCPS
	RM	No. of Shares	RM	No. of Shares	RM	No. of RCPS
Existing issued share capital as at the LPD	105,782	211,564	-	211,564	-	-
To be issued pursuant to the exercise of Warrants-C	-	-	-	57,621	-	-
To be issued pursuant to the Rights Issue	105,782	211,564	-	269,185	-	-
To be issued pursuant to the Bonus Issue	-	-	50,246	-	63,931	67,296
To be issued pursuant to the Bonus Issue	26,445 ⁽³⁾	52,891	-	67,296	-	-
After the Rights Issue and Bonus Issue	132,227	264,455	50,246	336,481	63,931	67,296
To be issued pursuant to conversion of RCPS	50,246	52,891	(50,246)	67,296	(63,931)	(67,296)
To be issued pursuant to exercise of Warrants-C ⁽¹⁾	24,201	57,621	-	-	-	-
To be issued pursuant to the Rights Adjustment ⁽²⁾	4,764	11,343	-	-	-	-
Enlarged share capital	211,438	386,310	-	403,777	-	-

Notes:

- (1) Based on an adjusted exercise price of RM0.42 per Warrant-C as detailed under Section 7.6 of this Abridged Prospectus.
 (2) Up to 11,343,216 EGIB Shares to be issued from the exercise of Additional Warrants-C at the adjusted exercise price of RM0.42.
 (3) To be capitalised based on the then par value of EGIB Shares of RM0.50 each pursuant to the implementation date of the Act on 31 January 2017.

7.2 Substantial shareholders' shareholdings

The Rights Issue is not expected to have any immediate effect on the substantial shareholders' shareholdings until such time the RCPS are converted into new EGIB Shares, the potential effect of which is also dependent on the issued share capital of our Company at the relevant point in time. The substantial shareholders' shareholdings based on the Register of Substantial Shareholders as at the LPD and the pro forma effects of the Bonus Issue on their shareholdings in EGIB are as follows:

Minimum Scenario - assuming all the Entitled Shareholders subscribed in full for their respective entitlements to the RCPS and no Warrants-C are exercised prior to the Entitlement Date

	As at the LPD		After the Rights Issue and Bonus Issue (I)	
	Direct	Indirect	Direct	Indirect
	No. of Shares ('000)	%	No. of Shares ('000)	%
Jubilee	24,973	11.80	31,216	11.80
Terence	10,091	4.77	12,614	4.77
Accrelist Ltd	-	-	-	-
			No. of Shares ('000)	%
			31,216	11.80
			12,614	4.77
			-	-
			31,216 ⁽¹⁾	11.80
			31,216 ⁽¹⁾	11.80

**(II)
After (I) and assuming full conversion/exercise of RCPS and Warrants-C**

	Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%
Jubilee	37,459	9.70	-	-
Terence	21,121 ⁽²⁾	5.47	37,459 ⁽¹⁾	9.70
Accrelist Ltd	-	-	37,459 ⁽¹⁾	9.70

Notes:

- (1) Deemed interested by virtue of their shareholdings in Jubilee.
 (2) Assuming he exercises his 5,000,000 Warrants-C and 984,300 Additional Warrants-C.

Maximum Scenario - assuming all Warrants-C are exercised prior to the Entitlement Date and all the Entitled Shareholders subscribed in full for their respective entitlements to the RCPS

	As at the LPD			(I) Assuming full exercise of Warrants-C		
	Direct No. of Shares ('000)	%	Indirect No. of Shares ('000)	Direct No. of Shares ('000)	%	Indirect No. of Shares ('000)
Jubilee	24,973	11.80	-	24,973	9.28	-
Terence	10,091	4.77	24,973 ⁽¹⁾	15,091 ⁽²⁾	5.61	24,973 ⁽¹⁾
Accrelist Ltd	-	-	24,973 ⁽¹⁾	-	-	24,973 ⁽¹⁾

	(II) After (I) and the Rights Issue and Bonus Issue			(III) After (II) and assuming full conversion of RCPS		
	Direct No. of Shares ('000)	%	Indirect No. of Shares ('000)	Direct No. of Shares ('000)	%	Indirect No. of Shares ('000)
Jubilee	31,216	9.28	-	37,459	9.28	-
Terence	18,864	5.61	31,216 ⁽¹⁾	22,636	5.61	37,459 ⁽¹⁾
Accrelist Ltd	-	-	31,216 ⁽¹⁾	-	-	37,459 ⁽¹⁾

Notes:

- (1) Deemed interested by virtue of their shareholdings in Jubilee.
 (2) Assuming the exercise of 5,000,000 Warrants-C prior to the Entitlement Date.

7.3 NA and gearing

Based on the audited consolidated statements of financial position of our Group as at 30 June 2016, the pro forma effects of the Rights Issue and Bonus Issue on the NA and gearing of our Group are set out below:

Minimum Scenario

	(I)	(II)	(III) After (II) and after conversion/ exercise of all RCPS and Warrants-C ⁽⁵⁾
	Audited as at 30 June 2016	After the Rights Issue	After (I) and Bonus Issue
	RM'000		
Share capital			
- Ordinary shares	105,782	105,782	⁽³⁾ 132,227
- RCPS	-	50,246	50,246
Capital reserve	28,462	28,462	⁽³⁾ 2,017
Share premium	20,932	⁽¹⁾ 19,932	19,932
Fair value reserve	(1,872)	(1,872)	(1,872)
Translation reserve	8,492	8,492	8,492
Treasury shares	(128)	(128)	(128)
Warrants reserve	22,628	27,052	27,052
Discount on shares	(22,628)	(27,052)	(27,052)
Retained earnings	73,772	⁽²⁾ 72,672	72,672
Shareholders' funds/ NA	235,440	283,586	283,586
Total no. of EGIB Shares ('000)	211,564	211,564	264,455
NA per Share (RM)	1.11	1.34	1.07
Interest bearing borrowings (RM'000)	210,040	200,040	200,040
Gearing (times)	0.89	0.71	0.71

Notes:

- (1) After deducting estimated expenses of RM1.0 million written-off against the share premium account being the estimated costs directly attributable to the issuance of shares under the Corporate Exercises.
- (2) After deducting estimated expenses of RM1.1 million recognised as expenses for estimated costs not directly attributable to the issuance of shares under the Corporate Exercises.
- (3) Assuming a capitalisation for the issuance of 52,890,998 Bonus Shares of RM26,445,499.
- (4) After conversion of all 52,891,000 RCPS.
- (5) Including the Additional Warrants-C to be issued pursuant to the Rights Adjustments.

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Maximum Scenario

	(I)	(II)	(III)	(IV)
Audited as at 30 June 2016	After full exercise of Warrants-C	After (I) the Rights Issue RM'000	After (II) and the Bonus Issue	After (III) and full conversion of all RCPS
Share capital				
- Ordinary shares	105,782	134,592	134,592	⁽³⁾ 168,240
- RCPS	-	-	63,931	⁽⁴⁾ 232,171
Capital reserve	28,462	28,462	28,462	-
Share premium	20,932	20,932	⁽¹⁾ 19,932	⁽³⁾ 14,746
Fair value reserve	(1,872)	(1,872)	(1,872)	(1,872)
Translation reserve	8,492	8,492	8,492	8,492
Treasury shares	(128)	(128)	(128)	(128)
Warrants reserve	22,628	-	-	-
Discount on shares	(22,628)	-	-	-
Retained earnings	73,772	73,772	⁽²⁾ 72,672	72,672
Shareholders' funds/ NA	235,440	264,250	326,081	326,081
Total no. of EGIB Shares (⁰⁰⁰)	211,564	269,185	269,185	336,481
NA per Share (RM)	1.11	0.98	1.21	0.97
Interest bearing borrowings (RM ⁰⁰⁰)	210,040	210,040	200,040	200,040
Gearing (times)	0.89	0.79	0.61	0.61

Notes:

- (1) After deducting estimated expenses of RM1.0 million written-off against the share premium account being the estimated costs directly attributable to the issuance of shares under the Corporate Exercises.
- (2) After deducting estimated expenses of RM1.1 million recognised as expenses for estimated costs not directly attributable to the issuance of shares under the Corporate Exercises.
- (3) Assuming a capitalisation for the issuance of 67,296,172 Bonus Shares of RM33,648,086.
- (4) After conversion of all 67,296,000 RCPS.

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7.4 Earnings and EPS

Our Board is of view that the Rights Issue, is expected to be earnings accretive and will contribute positively to the future earnings of our Group and consequently the EPS when the benefits of the utilisation of proceeds is realised.

For illustrative purposes only, the pro forma effects of the Rights Issue and Bonus Issue to our earnings and EPS are as follows:

	Minimum Scenario		Maximum Scenario	
	Audited as at 30 June 2016	After the Rights Issue and Bonus Issue	Audited as at 30 June 2016	After the Rights Issue and Bonus Issue
Earnings (RM'000)	17,030,928	17,030,928	17,030,928	17,030,928
Weighted average no. of outstanding EGIB Shares ('000)	161,126,170	264,454,990	161,126,170	336,480,860
No. of outstanding RCPS	-	52,890,998	-	67,296,172
No. of outstanding Warrants-C	57,620,696	68,963,912	57,620,696	-
Basic EPS (sen)	10.57	6.44	10.57	5.06
Diluted EPS (sen)	7.79	⁽¹⁾ 4.41	7.79	⁽²⁾ 4.22

Notes:

- (1) Based on our enlarged share capital of 386,309,900 Shares after full conversion of the RCPS as well as the exercise of Warrants-C and the Additional Warrants-C.
- (2) Based on our enlarged share capital of 403,777,032 Shares after full conversion of the RCPS.

7.5 Dividend

As at the LPD, our Company does not have any fixed dividend policy. Dividends to be declared by our Company in the future will depend on inter-alia, the availability of distributed reserves and cash taking into consideration the business requirements of our Group.

7.6 Convertible securities

As at the LPD, save for the 57,620,696 existing Warrants-C, our Company does not have any other convertible securities.

Adjustments to any outstanding Warrants-C as a result of the Rights Issue will be made in accordance with the provisions of the Deed Poll. The Deed Poll provides for an adjustment formula in an instance of a rights issue exercise that is computed based on a number of factors which includes, amongst others, the existing number of Warrants-C in issue, the market price of EGIB Share as at the date of the announcement of the Rights Issue and the conversion price of the RCPS.

Premised on the provisions of the Deed Poll, up to 11,343,172 additional Warrants-C shall be issued to the holders of the Warrants-C and the exercise price of the Warrants-C will be adjusted from RM0.50 to RM0.42 per Warrant-C under the provisions of the Deed Poll.

The formula and computation for the adjustment to the exercise price and the number of Additional Warrants-C are as shown below:

$$\begin{aligned} \text{New Exercise Price} &= S \times \left[\frac{(G \times C) + (H \times I)}{(G + H + B) \times C} \right] \\ &= 0.50 \times \frac{248,630,003}{297,575,333} \end{aligned}$$

$$\text{New Exercise Price} = \text{RM0.42}$$

$$\begin{aligned} \text{Additional number of Warrants-C} &= \left[\frac{T \times (G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T \\ &= \frac{57,620,696 \times 317,345,988 \times 0.9377}{248,630,003} - 57,620,696 \end{aligned}$$

$$\text{Additional number of Warrants-C} = 11,343,216 \text{ Additional Warrants-C}$$

Where:

B = 52,890,998, being the number of Bonus Shares to be issued;

C = RM0.9377, being the 5D-VWAMP of 1 EGIB Share immediately preceding the date of the announcement of the Corporate Exercises;

G = 211,563,992, being the number of EGIB Shares in issue;

H/H* = 52,890,998, being the number of new EGIB Shares offered under the Rights Issue (by way of conversion of the RCPS);

I/I* = RM0.95, being the Conversion Price of the RCPS;

S = RM0.50, being the existing exercise price of the Warrants-C; and

T = 57,620,696, being the existing number of Warrants-C outstanding.

The adjustments will be effective on the Entitlement Date of the Rights Issue. A notification to the holders of the Warrants-C explaining the mechanism of the Rights Adjustments will be issued by our Company in due course.

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

8.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds of the Rights Issue, cash in hand, cashflow generated from our operations and available banking facilities, our Group will have adequate working capital to meet our business requirements within a period of 12 months from the date of this Abridged Prospectus.

8.2 Borrowings

As at the LPD, our Group has total outstanding bank borrowings of RM215.81 million, all of which are interest bearing, as follows:

	Foreign			Domestic		Total
	THB('000)	RM'000 equivalent	USD	RM'000 equivalent	RM'000	RM'000
Short-term borrowings	492,432	61,781	23,276	99,668	36,987	198,437
Long-term borrowings	35,717	4,481	-	-	12,887	17,368
Total	528,149	66,262	23,276	99,668	49,874	215,805

Our Board confirms that there has not been any default on payments of either interest or principal sums by our Group, in respect of any borrowings during the FYE 30 June 2017 and for the subsequent financial period up to the LPD.

8.3 Contingent liabilities

As at the LPD, our Board confirms that there are no contingent liabilities, incurred or known to be incurred, which upon becoming enforceable, may have a substantial impact in our ability to meet our obligations as and when they fall due.

8.4 Material commitments

As at the LPD, save for the expected purchase and upgrade of machinery as well as the expansion and upgrade of the factory disclosed in Section 4 of this Abridged Prospectus, there is no material commitment, incurred or known to be incurred, which may have a material impact on the results or financial position of our Group.

9. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS, APPLICATION AND PAYMENT FOR THE EXCESS RCPS AS WELL AS APPLICATION AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL AND/OR TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF CAREFULLY. IN ACCORDANCE WITH THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

9.1 General

The Provisional Allotments are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in such Provisional Allotments will be by book entries through CDS Accounts and will be governed by the SICDA, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository. You and/or your renounee(s) and/or transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts in order to subscribe for the RCPS.

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted RCPS and Bonus Shares, which you are entitled to subscribe for in full or in part in accordance with the terms and conditions of the Rights Issue. You (other than an

Authorised Nominee who has subscribed for NRS) will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Provisional Allotments allotted to you, as well as to apply for the excess RCPS, if you choose to do so.

If you are an Authorised Nominee who has 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 9.4.4 and 9.7.4 of this Abridged Prospectus for the procedures for acceptance as well as to apply for excess RCPS, if you choose to do so.

9.2 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Allotments (whether in full or in part) is at **5:00 p.m. on 6 October 2017**.

9.3 Methods of acceptance and application

You may subscribe for the Provisional Allotments as well as apply for excess RCPS, if you choose to do so, 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 is enclosed together with this Abridged Prospectus. The RSF is also available on the Bursa Securities' website (www.bursamalaysia.com).

⁽²⁾ The following surcharge per Electronic Application will be charged by respective Participating Financial Institutions:

- Affin Bank Berhad – RM4.24 (inclusive of 6% GST); and
- Public Bank Berhad – RM4.24 (inclusive of 6% GST).

⁽³⁾ The following processing fee per Internet Application will be charged by respective Internet Participating Financial Institutions:

- Affin Bank Berhad (www.affinbank.com.my) – RM4.24 (inclusive of 6% GST); and
- Public Bank Berhad (www.pbepbank.com) – RM4.24 (inclusive of 6% GST).

9.4 Procedure for acceptance and payment

9.4.1 By way of RSF

ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS MUST BE MADE IN ACCORDANCE WITH THE RSF ENCLOSED WITH THIS ABRIDGED PROSPECTUS AND MUST BE COMPLETED STRICTLY IN ACCORDANCE WITH THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. ACCEPTANCES AND/OR PAYMENT

WHICH DO NOT CONFORM WITH THE TERMS AND CONDITIONS OF THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF OR WHICH ARE ILLEGIBLE MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. OUR SHARE REGISTRAR WILL NOT CONTACT YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) FOR ACCEPTANCES WHICH DO NOT STRICTLY CONFORM WITH THE TERMS AND CONDITIONS OF THIS ABRIDGED PROSPECTUS OR THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF OR WHICH ARE ILLEGIBLE.

If you wish to accept the Provisional Allotments, either in full or in part, please complete Parts I(a) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed RSF together with the relevant payment must be and despatched BY **ORDINARY POST, COURIER or DELIVERED BY HAND** (at your own risk) to our Share Registrar at the following address and have arrived by the Closing Date:

AGRITEUM Share Registration Services Sdn. Bhd.

2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang

Telephone number: 04- 228 2321
Fax number: 04- 227 2391

Only 1 RSF can be used for acceptance of Provisional Allotments standing to the credit of 1 CDS Account. Separate RSFs must be used for separate CDS Accounts. If successful, RCPS subscribed by you and/or your renounee(s) and/or your transferee(s) (if applicable) will be credited into the respective CDS Accounts where the Provisional Allotments are standing to the credit.

You should take note that a trading board lot for the RCPS will comprise of 100 Shares each. Successful applicants of the RCPS will be given Bonus Shares on the basis of 1 Bonus Share for every 1 RCPS successfully subscribed for. You are always entitled to accept part of your entitlement to the Provisional Allotments, PROVIDED ALWAYS that the minimum number of RCPS that may be accepted is 1 RCPS.

If acceptance and payment for the Provisional Allotments (whether in full or in part) are not received by our Share Registrar on **6 October 2017 by 5.00 p.m.**, being the last date and time for acceptance and payment, you and/or your renounee(s) and/or transferee(s) (if applicable) will be deemed to have declined the Provisional Allotments made to you and it will be cancelled. Such RCPS not taken up will be allotted to the applicants applying for excess RCPS in the manner as set out in Section 9.7 of this Abridged Prospectus. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons.

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

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

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

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

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

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

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAIN THEREIN.

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

9.4.2 By way of Electronic Application

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

If you wish to accept the Provisional Allotments, either in full or in part, by way of Electronic Application, please follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Electronic Applications and the procedures set out at the ATM of the Participating Financial Institutions before making an Electronic Application.

(i) Participating Financial Institutions

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

- (a) Affin Bank Berhad; and
- (b) Public Bank Berhad

(ii) Steps for Electronic Applications through a Participating Financial Institution's ATM within Malaysia

The procedures for Electronic Application at the ATM of the Participating Financial Institutions are set out on the ATM screen of the relevant Participating Financial Institutions. For illustrative purposes, the procedures for Electronic Applications at ATMs

are set out below. The steps set out the actions that 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 the Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for the RCPS at an ATM belonging to other Participating Financial Institutions;
- (b) You are advised to read and understand this Abridged Prospectus before making the application; and
- (c) You may apply for the RCPS via the ATM of the Participating Financial Institutions by choosing the Electronic Application option. Mandatory statements required in the application are set out in the terms and conditions for Electronic Applications in Section 9.4.2(iii) below. You should follow the instructions on the ATM screen and, when required to do so, you should:
 - (i) Enter personal identification number ("PIN");
 - (ii) Select EGIB Rights Issue Account;
 - (iii) Enter your CDS Account number;
 - (iv) Enter the number of RCPS applied for and/or the RM amount to be debited from the account;
 - (v) Enter your current contact number (for example your mobile phone number); and
 - (vi) Confirm several mandatory statements.

Upon completion of the 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 only 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 INSTITUTIONS, 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 MAY BE REJECTED IF YOU FAIL TO COMPLY WITH THE FOREGOING.

(iii) Terms and conditions for Electronic Applications

The Electronic Application will 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 are true and correct:
 - (i) you have attained 18 years of age as at the last day for application and payment;

- (ii) you have read the relevant Abridged Prospectus and understood and agreed with terms and conditions of the application; and
- (iii) you hereby give consent to our Company, Bursa Depository, our Share Registrar, the relevant Participating Financial Institutions, the 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 persons 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 will have confirmed each of the above statements as well as given consent in accordance with the relevant laws of Malaysia including Section 134 of the FSA and Section 45(1)(a) of the SICDA, to the disclosures as described above;

- (b) you confirm that you are not applying for the RCPS as a nominee of any other person and that any Electronic Application that you made is by you as the beneficial owner;
- (c) you must have sufficient funds in your account with the relevant Participating Financial Institutions 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, may be rejected;
- (d) you agree and undertake to subscribe for or purchase and to accept the number of RCPS applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by action of pressing the pre-designated keys or buttons on the ATM) of the number of RCPS applied for will signify, and will be treated as, your acceptance of the number of RCPS that may be allotted to you.

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

- (e) by making an completing your Electronic Application, you, if successful, request and authorise our Company to credit the RCPS 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, Bursa Depository, our Share Registrar or the relevant Participating Financial Institutions and irrevocably agree that if:
 - (i) our Company, Bursa Depository or our Share Registrar does not receive your Electronic Application; or
 - (ii) data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, Bursa Depository or our Share Registrar,

you will be deemed not to have made an Electronic Application and you may not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant Participating Financial Institutions for the RCPS applied for or for any compensation, loss or damage relating to the application for the RCPS;

- (g) all of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institutions at the time you make your Electronic Application must be true and correct and our Company, Bursa Depository, our Share Registrar or the relevant Participating Financial Institutions are entitled to rely on the accuracy thereof;
- (h) you will ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. Otherwise, your Electronic Application may 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 address last maintained with Bursa Depository;
- (i) by making and completing an Electronic Application, you agree that:
 - (i) in consideration of our Company agreeing to allow and accept your application for the RCPS via the Electronic Application facility established by the relevant Participating Financial Institutions at their respective ATMs, your Electronic Application is irrevocable and cannot be subsequently withdrawn;
 - (ii) our Company, Bursa Depository, our Share Registrar or the relevant Participating Financial Institutions will not be liable for any delays, failures and inaccuracies in the processing of data relating to your Electronic Application due to breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (iii) notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for the RCPS for which your Electronic Application has been successfully completed is only confirmation for the acceptance of this offer to subscribe for and purchase the said RCPS; and
 - (iv) you agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Electronic Application and/or any terms herein, all rights, obligations and liabilities will be construed and determined in accordance with the laws of Malaysia and with all directives, rules and 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; and
- (k) notification on the outcome of your application for the RCPS will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company 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 RCPS; 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 of application and payment for the RCPS.

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 9.4.2(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 address as shown in the Record of Depositors of our Company at your own risk.

9.4.3 By way of Internet Application

All Entitled Shareholders may apply for the RCPS by way of Internet Application. If you wish to accept the Provisional Allotments, either in full or in part, by way of Internet Application, please follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Internet Applications and the procedures set out on the internet financial services website of the relevant Internet Participating Financial Institutions before making an Internet Application.

(i) Internet Participating Financial Institutions

Internet Applications may be made through the internet financial services facilities of the following Internet Participating Financial Institutions:

- Affin Bank Berhad at www.affinbank.com.my; and
- Public Bank Berhad at www.pbepbank.com.

(ii) Steps for Internet Applications through an Internet Participating Financial Institution

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

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

While our Company will attempt to provide you with assistance in your application for the RCPS through Internet Applications, please note that the actual steps for Internet Applications through the internet financial services website of the 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 RCPS;
- (d) select the counter in respect of the RCPS to launch the terms and conditions of the Internet Application;
- (e) select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (f) at the next screen, complete the online application form;
- (g) check that the information contained in your online application form, such as the share counter (in this case, EGIB Rights Issue Account), your NRIC number, your current contact number (for example your mobile phone number), your CDS Account number, number of RCPS applied for, the amount of payment of application monies, the payment of bank charges and the account number to debit are correct. Then select confirm and submit the online application form;
- (h) as soon as the transaction is completed, a message from the relevant Internet Participating Financial Institution with details of your application will appear on the screen of the website; and
- (i) you are advised to print out the confirmation screen in respect of your Internet Application ("Confirmation Screen") for your own reference and record.

(iii) Terms and conditions for Internet Applications

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

- (a) after selecting the designated hyperlink on the screen, you are required to confirm and undertake that the following information given are true and correct:
 - (i) you have attained 18 years of age as at the last day for application and payment;
 - (ii) you have, prior to making the Internet Application, received a printed copy of this Abridged Prospectus and/or have had access to this Abridged Prospectus from Bursa Securities' website at www.bursamalaysia.com, the contents of which you have read and understood;
 - (iii) you agree to all the terms and conditions for Internet Applications as set out in this Abridged Prospectus and have carefully considered the risk factors as set out in this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the Internet Application;
 - (iv) you authorise the relevant Internet Participating Financial Institution with which you have a bank account to deduct the full amount payable for the RCPS (including the processing fee as mentioned in Section 9.3 (Note 3) of this Abridged Prospectus) from your bank account with the said Internet Participating Financial Institution; and

- (v) you hereby give consent in accordance with the relevant laws of Malaysia (including Section 134 of the FSA and Section 45(1)(a) of the SICDA) for the disclosure by our Company, Bursa Depository, the Share Registrar, the relevant Internet Participating Financial Institution, their respective agents and any third party involved in facilitating the application/refund, or information pertaining to yourself, the Internet Application made by you, your account with the relevant 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 RCPS 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 RCPS applied for as stated on the Confirmation Screen. Your confirmation of the number of RCPS applied for will signify, and will be treated as, your acceptance of the number of RCPS that may be allotted to you. Should you encounter any problems in your Internet Application, please refer to the relevant Internet Participating Financial Institutions;
- (d) by making and completing your Internet Application, you, if successful, request and authorise our Company to credit the RCPS 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, Bursa Depository, the Share Registrar or the relevant Internet Participating Financial Institution and irrevocably agree that if:
 - (i) our Company, Bursa Depository or the Share Registrar does not receive your Internet Application; or
 - (ii) data relating to your Internet Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, Bursa Depository or our Share Registrar,you will be deemed not to have made an Internet Application and you may not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant Internet Participating Financial Institution for the RCPS applied for or for any compensation, loss or damage relating to the application for the RCPS;
- (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 must be true and correct, and our Company, Bursa Depository, the Share Registrar and the relevant Internet Participating Financial Institution are entitled to rely on the accuracy thereof;
- (g) you will 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 may 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 address last maintained with Bursa Depository;

- (h) by making and completing an Internet Application, you agree that:
- (i) in consideration of our Company agreeing to allow and accept your application for the RCPS via the Internet Application facility established by the Internet Participating Financial Institutions at their respective internet financial services website, your Internet Application is irrevocable and cannot be subsequently withdrawn;
 - (ii) our Company, Bursa Depository, the Share Registrar and the relevant Internet Participating Financial Institutions will 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 their control;
 - (iii) notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the RCPS 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 RCPS; and
 - (iv) you agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Internet Application and/or any terms herein, all rights, obligations and liabilities will 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 application for the RCPS will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company 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 RCPS; 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 of application and payment for the RCPS.

The refund will be credited directly into your bank account from which your Internet Application was made. Kindly take note of the terms and conditions as stated in Section 9.4.3(iii) of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account, from which your Internet Application was made, is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk;

- (k) a surcharge is imposed on each Internet Application which will be charged by the respective Internet Participating Financial Institutions as mentioned in Section 9.3 of this Abridged Prospectus; and
- (l) you authorise the relevant 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, 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 relevant Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with Rights Issue. Further, the relevant Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the relevant Internet Participating Financial Institution in connection with the use of their Internet Application services.

9.4.4 By way of NRS

We have 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 who is an Authorised Nominee who has subscribed for NRS with Bursa Depository, you will not be receiving this Abridged Prospectus, the RSF nor the NPA by post.
- (b) Instead, this Abridged Prospectus and a Rights Issue Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository's User Guide for NRS, on the next business day after the Entitlement Date.
- (c) A notification of the delivery of 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.
- (f) To apply for the RCPS, you will be required to submit your subscription information via a RCPS 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 RCPS 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 RCPS Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:
 - (i) Confirmation that you have, prior to making the application via NRS, received and/or had access to the electronic copy of this Abridged Prospectus, the contents of which you have read, understood and agreed; and
 - (ii) Consent to the disclosure of your information to facilitate electronic refunds where applicable.
- (i) With regards to payment for the RCPS which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:

Bank: **STANDARD CHARTERED BANK MALAYSIA BERHAD**
Account Name: **EGIB RIGHTS ISSUE ACCOUNT**
Bank Account No.: **3121 9392 4143**

prior to submitting the RCPS Subscription File to Bursa Depository.

- (j) Upon completion of the transfer/payment, you may receive a transaction slip ("Transaction Record") from the transacting financial institution confirming the details of your transfer/payment. The Transaction Record is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by our Company or Bursa Depository. The Transaction Record is for your record and is not required to be submitted with your application via NRS.
- (k) You will be notified on the outcome of your application for the RCPS electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
 - (i) successful application – an electronic notification will be sent to you within 8 Market Days from the last day for application and payment for the RCPS; 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 RCPS.

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 9.4.4(ii)(a) 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 RCPS 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 RCPS 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 RCPS submitted under NRS will be irrevocable upon submission of the RCPS Subscription File to Bursa Depository and cannot be subsequently withdrawn.

(ii) Terms and conditions for applications via NRS

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

- (a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 134 of the FSA and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our 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 RCPS applied for as stated on your RCPS Subscription File in respect of your application via NRS. Your application will signify, and will be treated as, your acceptance of the number of RCPS that may be allotted to you.
- (c) You acknowledge that by completing and submitting the RCPS Subscription File to Bursa Depository, you, if successful, requests and authorises our Company to credit the RCPS allotted to you into the respective CDS Account(s) as indicated in the RCPS 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:
 - (i) our Company, our Share Registrar or Bursa Depository does not receive your application via NRS; or
 - (ii) 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 will be deemed not to have made your application and you may not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant financial institution for the RCPS applied for or for any compensation, loss or damage relating to the application for the RCPS.

- (e) By completing and submitting the RCPS Subscription File to Bursa Depository, you agree that:
- (i) In consideration of our Company agreeing to allow and accept your application for the RCPS via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;
 - (ii) Our Company, the relevant financial institutions, Bursa Depository and our Share Registrar will not be liable for any delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the RCPS issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said RCPS; and
 - (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to with the contract between the parties and/or the application via NRS and/or any terms herein, all rights, obligations and liabilities will 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.

9.5 Procedure for sale/transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities, you and/or your renounee(s) and/or transferee(s) (if applicable) may sell/transfer all or part of your entitlement to the RCPS to 1 or more person(s) through your stockbrokers without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account(s).

To sell/transfer of all or part of your entitlement to the RCPS, you and/or your renounee(s) and/or transferee(s) (if applicable) may sell such entitlement in the open market or transfer to such persons as may be allowed pursuant to the rules of Bursa Depository. If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing the RSF. Please refer to Section 9.4 of this Abridged Prospectus for the more details on the acceptance and payment of the RCPS.

In selling/transferring all or part of your Provisional Allotments, you and/or your renounee(s) and/or transferee(s) (if applicable) need not deliver any document including the RSF, to the stockbroker. However, you and/or your renounee(s) and/or transferee(s) (if applicable) must ensure that there is sufficient Provisional Allotments standing to the credit of your CDS Account(s) that are available for settlement of the sale or transfer.

Purchasers or transferees of the Provisional Allotments may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar, or at our Registered Office. This Abridged Prospectus and RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

If you have sold or transferred only part of your entitlements to the RCPS, you may still accept the balance of your entitlement to the RCPS by completing and forwarding the RSF and full amount payable to our Share Registrar.

Entitled Shareholders who sell or transfer their Provisional Allotments will automatically be selling or transferring their entitlements to the RCPS in the proportion of 1 RCPS. They cannot retain the Provisional Allotments while selling or transferring the RCPS or vice versa, nor can they sell or transfer their entitlements in any proportion other than that stated above.

9.6 Procedure for acceptance by renounee(s) and/or transferee(s)

Renounee(s) or transferee(s) who wish to accept the Provisional Allotments must obtain a copy of the RSF from their stockbrokers, Bursa Securities' website, 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 renounee or transferee, the procedures for acceptance, payment, selling and transferring of the Provisional Allotments are the same as that applicable to the Entitled Shareholders as set out in Sections 9.3 and 9.4 of this Abridged Prospectus.

RENOUNEE(S) AND/OR TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND RSF CAREFULLY.

9.7 Procedure for excess application

9.7.1 By way of RSF

As an Entitled Shareholder, you and/or your renounee(s) and/or transferee(s) (if applicable) may apply for excess RCPS in addition to the Provisional Allotments allotted to you and/or your renounee(s) and/or transferee(s) (if applicable) by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess RCPS applied for) to our Share Registrar at the address set out above, so as to arrive not later than **5.00 p.m. on 6 October 2017**, being the last time and date for acceptance and payment.

Payment for the excess RCPS applied for should be made in the same manner set out in Section 9.4 of this Abridged Prospectus, except that the Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia crossed "**A/C PAYEE ONLY**" should be made payable to "**EGIB EXCESS RIGHTS ISSUE ACCOUNT**" and endorsed on the reverse side with the name, address and CDS Account number of the applicant in block letters to be received by our Share Registrar.

Our Board reserves the right to allot the excess RCPS applied for under Part I(b) of this RSF, in a fair and equitable basis and in such manner as they in their absolute discretion deem fit and expedient in the best interest of our Company and that the intention of our Board as set out below is achieved. It is the intention of our Board to allot the excess RCPS in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for excess RCPS on a pro-rata basis and in board lots, taking into consideration their respective shareholdings

in our Company as at the Entitlement Date;

- (iii) thirdly, for allocation to Entitled Shareholders who have applied for excess RCPS on a pro-rata basis and in board lots based on the quantum of their respective excess RCPS application; and
- (iv) finally, for allocation to renounee(s) and/or transferee(s) who have applied for excess RCPS on a pro-rata basis and in board lots based on the quantum of their respective excess RCPS application.

In the event of any excess RCPS balance after the above sequence of allocations are completed, the balance will be allocated in the processes set out in (ii) to (iv) above.

Nevertheless, the Board reserves the right to allot any excess RCPS applied for in such manner as the Board deems fit and expedient and in the best interest of EGIB, subject always to such allocation being made on a fair and equitable basis and that the intention of the Board as set out in (i) to (iv) is achieved.

Subject always to (i), (ii), (iii) and (iv) above being achieved, our Board also reserves the right not to accept any application for excess RCPS or to accept in part only the subscription of any excess RCPS, without assigning any reason.

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

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

EXCESS RCPS APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHTS NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

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

9.7.2 By way of Electronic Application

If you are an Entitled Shareholder and/or a renounee/transferee who is an individual, you may apply for the excess RCPS via Electronic Application in addition to your Provisional Allotments. If you wish to do so, you may apply for the excess RCPS by following the same steps as set out in Section 9.4.2 of this Abridged Prospectus save and except that you should proceed with the option for Excess Application and the amount payable to be directed to "**EGIB EXCESS RIGHTS ISSUE ACCOUNT**" for the excess RCPS applied.

It is the intention of our Board to allot the excess RCPS, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renounee(s) and/or transferee(s) who have applied for the excess RCPS in the priority set out in Section 9.7.1 of this Abridged Prospectus.

Nevertheless, our Board reserves the right to allot the excess RCPS applied for in such manner as our Board deems fit and expedient 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 set out in Section 9.7.1 of this Abridged Prospectus is achieved.

The Electronic Application for excess RCPS will be made on, and subject to, the same terms and conditions appearing in Section 9.4.2 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 RCPS applied for as stated on the Transaction Record or any lesser number of excess RCPS 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 RCPS or not to allot any excess RCPS 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 RCPS applied for will signify, and will be treated as, your acceptance of the number of excess RCPS 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; and
- (iii) notification on the outcome of your Excess Application will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company 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 RCPS; 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 of application and payment for the excess RCPS.

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 9.4.2(ii) 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 address as shown in the Record of Depositors of our Company at your own risk.

9.7.3 By way of Internet Application

If you are an Entitled Shareholder and/or a renounee/transferee, you may apply for the excess RCPS via Internet Application in addition to your Provisional Allotments. If you wish to do so, you may apply for the excess RCPS by following the same steps as set out in Section 9.4.3 of this Abridged Prospectus save and except that you should proceed with the option for Excess Application and the amount payable to be directed to "**EGIB EXCESS RIGHTS ISSUE ACCOUNT**" for the excess RCPS applied.

It is the intention of our Board to allot the excess RCPS, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renounee(s) and/or transferee(s) who have applied for the excess RCPS in the priority set out in Section 9.7.1 of this Abridged Prospectus.

Nevertheless, our Board reserves the right to allot the excess RCPS applied for in such manner as our Board deems fit and expedient 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 set out in Section 9.7.1 of this Abridged Prospectus is achieved.

The Internet Application for excess RCPS will be made on, and subject to, the same terms and conditions appearing in Section 9.4.3 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 RCPS applied for as stated on the Confirmation Screen or any lesser number of excess RCPS 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 RCPS or not to allot any excess RCPS 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 RCPS applied for will signify, and will be treated as, your acceptance of the number of excess RCPS 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; and
- (iii) notification on the outcome of your Excess Application will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company 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 RCPS; 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 of application and payment for the excess RCPS.

The refund will be credited directly into your bank account from which your Internet Application was made. Kindly take note of the terms and conditions as stated in Section 9.4.3(iii) of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account, from which your Internet Application was made, is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk.

9.7.4 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, you may apply for the excess RCPS via NRS in addition to your Provisional Allotments. If you wish to do so, you may apply for the excess RCPS by following the same steps as set out in Section 9.4.4 of this Abridged Prospectus save and except that the amount payable to be directed to "**EGIB EXCESS RIGHTS ISSUE ACCOUNT**" for the excess RCPS applied and also that you should complete

the details for excess rights application at the designated fields for excess applications in the RCPS Subscription File. The details of the account are as follows:

Bank: **STANDARD CHARTERED BANK MALAYSIA BERHAD**
 Account Name: **EGIB EXCESS RIGHTS ISSUE ACCOUNT**
 Bank Account No.: **3121 9392 4097**

It is the intention of our Board to allot the excess RCPS, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renounee(s) and/or transferee(s) who have applied for the excess RCPS in the priority set out in Section 9.7.1 of this Abridged Prospectus.

The application via NRS for excess RCPS will be made on, and subject to, the terms of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS, Bursa Depository's User Guide for NRS and the same terms and conditions appearing Section 9.4.4 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 RCPS applied for as stated on your RCPS Subscription File in respect of your application via NRS. Your application will signify, and will be treated as, your acceptance of the number of excess RCPS 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; and
- (iii) notification on the outcome of your application for the excess RCPS 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 RCPS; 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 RCPS.

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 9.4.4(ii)(a) 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 RCPS 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.

9.8 Form of issuance

Bursa Securities has already prescribed our securities listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the RCPS are prescribed securities and as such, the SICDA, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the rules of Bursa Depository shall apply in respect of the dealings in the said securities.

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

No physical RCPS certificate will be issued to you under the Rights Issue. Instead, the RCPS will be credited directly into your CDS Accounts. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors provided by Bursa Depository within 8 Market Days from the last date for acceptance and payment of the Rights Issue.

Any person who intends to subscribe for the RCPS as a renounee by purchasing the provisional allotment of RCPS from an Entitled Shareholder will have his RCPS credited directly as prescribed securities into his CDS Account.

Subscription of RCPS by the Entitled Shareholders

Where the Provisional Allotments allotted to you as an Entitled Shareholder in respect of your existing EGIB Shares standing credit to your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Allotments shall mean that you consent to receive such RCPS as prescribed or deposited securities credited directly into your CDS Account. Hence, the RCPS will be credited directly into your CDS Account upon allotment and issuance.

Subscription of RCPS by a renounee

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

The excess RCPS, if allotted to the successful applicant who applies for excess RCPS, will be credited directly as prescribed securities into his CDS Account. The allocation of the excess RCPS will on a fair and equitable basis.

9.9 Laws of foreign jurisdictions

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue will not be made or offered in any foreign jurisdiction.

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

M&A Securities, our Company, our Board and officers and other experts would not, in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are or may be subject to. 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 jurisdictions to which they are or may be subject to. M&A Securities, our Company, our Board and officers and other experts shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or renounee(s) and/or transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this Abridged Prospectus together with the accompanying documents 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

Abridged Prospectus including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The foreign Entitled Shareholders and/or their renounee(s) 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 jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renounee(s) 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 M&A Securities or us in respect of their rights and entitlements under the Rights Issue. Such foreign Entitled Shareholders and/or their renounee(s) 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.

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

- (i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renounee(s) or transferee(s) (if applicable) are or may be subject to;
- (ii) they have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;
- (iii) they 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) they are aware that the RCPS can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) they have respectively received 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 representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the RCPS; and
- (vi) they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the RCPS, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the RCPS.

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

Any person who does forward this Abridged Prospectus, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the RCPS from any such application by foreign Entitled Shareholders and/or

their renouncee(s) and/or transferee(s) (if applicable) in any jurisdiction other than Malaysia. Our Company reserves the right, in its absolute discretion, to treat any acceptance of the RCPS as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ENTITLED SHAREHOLDERS OR ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND / OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE THERETO. 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 RCPS UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS OF SUCH TERRITORY.

10. TERMS AND CONDITIONS

The issuance of the RCPS pursuant to the Rights Issue is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll, the NPA and RSF enclosed herewith.

11. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
EG INDUSTRIES BERHAD



KANG PANG KIANG
GROUP CHIEF EXECUTIVE OFFICER

CERTIFIED EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 15 JUNE 2017

(Prepared for inclusion in this Abridged Prospectus)

EG INDUSTRIES BERHAD (222897-W)

**TRUE EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING
DULY HELD ON 15 JUNE 2017**

RESOLVED:-

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 67,296,172 NEW REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") AT AN INDICATIVE ISSUE PRICE OF RM0.95 PER RCPS ON THE BASIS OF 1 RCPS FOR EVERY 4 EXISTING ORDINARY SHARES HELD IN EGIB ("EGIB SHARE(S)" OR "SHARE(S)") AT AN ENTITLEMENT DATE TO BE DETERMINED ("PROPOSED RIGHTS ISSUE")

The Chairman informed the meeting that the first item on the agenda was to consider the Proposed Rights Issue.

The Chairman then asked the Meeting to vote on the resolution. Poll voting slips were then distributed to all shareholders present for their completion.

After the shareholders had duly completed the poll voting slips, they were collected and counted for the number of votes for and against the resolution. The Chairman was then informed that 50,611,930 or 100% of the total votes cast were for the resolution.

"THAT subject to the passing of Ordinary Resolution 2 and Special Resolution 1, and the approvals from relevant authorities being obtained where necessary, approval be and is hereby given for EGIB to undertake the Proposed Rights Issue as follows:

- (a) To provisionally issue and allot by way of renounceable rights issue of up to 67,296,172 RCPS on the basis of 1 RCPS for every 4 existing EGIB Shares held at an indicative issue price of RM0.95 per RCPS to the entitled shareholders of the Company whose names appear in the Record of Depositors on the Entitlement Date;
- (b) To issue and allot such number of new EGIB Shares arising from the conversion of the RCPS during the tenure of the RCPS; and
- (c) To issue and allot such other additional warrants and the new EGIB Share(s) as maybe required or permitted to be issued as a result of any adjustment under the provision of the Deed Poll dated 29 September 2015 ("Additional Warrants-C") and the exercise of the Additional Warrants-C;

THAT the Directors be and are hereby authorised to allocate the excess RCPS in a fair and equitable manner on a basis to be determined by the Directors in their absolute discretion;

THAT the Directors be and are hereby authorised to fix the issue price and the conversion price of the RCPS after taking into consideration the followings:

- (a) the theoretical ex-all price of EGIB Shares based on the 5-day volume weighted average market price of EGIB Shares immediately preceding the price fixing date;
- (b) the then prevailing market conditions and market price of EGIB Share; and
- (c) the funding requirement of EGIB.

EG INDUSTRIES BERHAD (222897-W)

Con't True Extract of the Minutes of the Extraordinary General Meeting duly held on 15 June 2017

THAT the Directors be and are hereby entitled to deal with all or any of the fractional entitlement of the RCPS arising from the Proposed Rights Issue, which are not validly taken up or which are not allotted for any reason whatsoever, in such manner as the Directors may in their absolute discretion deems fit and in the best interest of the Company;

THAT the new EGIB Shares to be issued pursuant to the conversion of the RCPS and the exercise of the Additional Warrants-C, shall upon allotment and issue, rank equally in all respects with the existing EGIB Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the new EGIB Shares (as the case may be);

THAT the proceeds from the Proposed Rights Issue will be utilised for such purposes as set out in Section 2.1.5 of the Circular to shareholders of the Company dated 24 May 2017 and the Directors be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors may deem fit, necessary or expedient, subject to (where applicable) the approval of the relevant authorities;

AND THAT the Directors be and are hereby authorised with full power to make any modifications, variations and/or amendments in any manner as may be in the best interest of the Company or as may be required by the relevant authority/authorities to give effect to the Proposed Rights Issue, and to take all such steps as they may deem necessary or expedient in the best interests of the Company to implement, finalise and give full effect to the Proposed Rights Issue.”

ORDINARY RESOLUTION 2

PROPOSED BONUS ISSUE OF UP TO 67,296,172 NEW EGIB SHARES TO BE CREDITED (“BONUS SHARES”) ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 RCPS SUBSCRIBED BY THE ENTITLED SHAREHOLDERS OF THE PROPOSED RIGHTS ISSUE AND/OR THEIR RENOUNCEE(S) (“PROPOSED BONUS ISSUE”)

The Chairman informed the meeting that the second item on the agenda was to consider the Proposed Bonus Issue.

The Chairman then asked the Meeting to vote on the resolution. Poll voting slips were then distributed to all shareholders present for their completion.

After the shareholders had duly completed the poll voting slips, they were collected and counted for the number of votes for and against the resolution. The Chairman was then informed that 50,611,930 or 100% of the total votes cast were for the resolution.

“**THAT**, subject to the approvals of all relevant authorities or parties (where required) being obtained, and subject to the passing of Ordinary Resolution 1 and Special Resolution 1, the Board of Directors of the Company (“Board”) be and is hereby authorised to issue up to 67,296,172 Bonus Shares to the shareholders of the Company whose names appear on the record of depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board, on the basis of 1 Bonus Share for every 1 RCPS subscribed;

THAT fractional entitlements of the Bonus Shares arising from the Proposed Bonus Issue, if any, will be disregarded and shall be dealt with in such manner as the Board in its absolute discretion deems fit and expedient and in the best interest of the Company;

EG INDUSTRIES BERHAD (222897-W)

Con't True Extract of the Minutes of the Extraordinary General Meeting duly held on 15 June 2017

THAT all the Bonus Shares shall upon issue and allotment, rank equally in all respects with the then existing EGIB Shares in issue, save and except that they will not be entitled to any dividend, right, allotment and/or other distribution, the entitlement date of which is before the date of allotment of the Bonus Shares;

AND THAT the Board be and is hereby authorised to sign and execute all documents to give effect to the Proposed Bonus Issue with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities or deemed necessary by the Board, and to take all steps and do all such acts and matters in the manner as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue.”

SPECIAL RESOLUTION 1

PROPOSED AMENDMENT TO THE CONSTITUTION OF THE COMPANY TO FACILITATE THE ISSUANCE OF RCPS (“PROPOSED AMENDMENT”)

The Chairman informed the meeting that the last item on the agenda was to consider the Proposed Amendment.

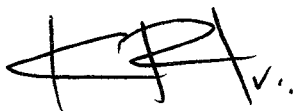
The Chairman then asked the Meeting to vote on the resolution. Poll voting slips were then distributed to all shareholders present for their completion.

After the shareholders had duly completed the poll voting slips, they were collected and counted for the number of votes for and against the resolution. The Chairman was then informed that 50,611,930 or 100% of the total votes cast were for the resolution.

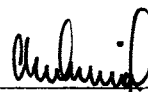
“THAT, subject to the passing of Ordinary Resolution 1, approval be and is hereby given to the Company to amend the Constitution of the Company, in the manner as set out in Appendix II of the Circular.

AND THAT the Directors of the Company be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents (including, without limitation, the affixing of the Company's common seal, where necessary) as the Directors may consider necessary, expedient or relevant to give effect to and complete the Proposed Amendment with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Amendment”

CERTIFIED TRUE COPY



DIRECTOR
KANG PANG KIANG



SECRETARY
CHAI CHURN HWA
MAICSA 0811600

SALIENT TERMS OF THE RCPS

Terms	Details
Issue size	: Up to 67,296,172 RCPS.
Issue Price	: The issue price has been fixed at RM0.95 per RCPS.
Issue Date	: The date on which the RCPS is issued under the Rights Issue.
Tenure	: 5 years commencing from and inclusive of the Issue Date.
Maturity Date	: The day falling 5 years from the Issue Date unless the tenure of the RCPS, if permitted by law, is extended by the Company and the RCPS holders. If the maturity date is not a market day, then it shall fall on the market day immediately preceding the said non market day.
Board lot	: The RCPS are tradable upon listing in board lots of 100 RCPS.
Bonus Shares	: An Entitled Shareholder who subscribes for 1 RCPS will be entitled to 1 Bonus Share at no cost. Only Entitled Shareholders and/or their renounee(s) who successfully subscribe for the RCPS will be entitled to the Bonus Shares. The Entitled Shareholders who renounce all or any part of their entitlements to the RCPS provisionally allotted to them will simultaneously relinquish their corresponding entitlements to the Bonus Shares. The RCPS and Bonus Shares are not separately renounceable.
Dividends	: A cumulative preference dividend rate per annum of 2% of the Issue Price shall be payable out of post taxation profits of the Company. The dividends, if any, shall be paid annually, within 14 days from the date of 30 June each calendar year. No dividends shall be paid on the ordinary shares of the Company unless the dividends on the RCPS have first been paid. The right to receive preference dividends, including preference dividends in arrears, shall cease once the RCPS are converted into EGIB Shares.
Form and denomination	: The RCPS are to be issued in registered form and constituted by the Company's Constitution.
Conversion Price	Right/ : Each RCPS may be converted into 1 new EGIB Share at a conversion price of RM0.95, which is equivalent to the Issue Price and based on the Conversion Mode.
Conversion period	: The RCPS may be converted at any time beginning from the Issue Date at the option of the RCPS holder until the Maturity Date. Any remaining RCPS that are not converted by the Maturity Date shall be automatically converted into new EGIB Shares.

Terms	Details
Fractional entitlements	: Fractional entitlements, if any, will be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit, expedient and in the best interest of the Company. The Company shall not be required to pay the value of such fraction to the RCPS holder(s) for fractional entitlements.
Conversion Mode	: The conversion of RCPS will not require any cash payment by the RCPS Holders. The Conversion Price shall be satisfied by surrendering one RCPS for one EGIB Share. Any fraction of the new EGIB Shares (if any) arising from the conversion of the RCPS shall be disregarded.
Redemption	: The Company shall have the option to redeem the RCPS in cash at 100% of the Issue Price, in whole or in part (but always in the same proportion in relation to each RCPS Holder), at any time from and including the third anniversary of the Issue Date up to the day immediately preceding the Maturity Date. For avoidance of doubt, the accrued but unpaid periodic preference dividend payments shall be due and payable upon redemption of the RCPS. The Company shall give the RCPS holders no less than 30 days' notice prior to the date of redemption. The RCPS holders shall be entitled to exercise their Conversion Rights in the event the Company issues a notice of redemption. The RCPS which have been redeemed will be cancelled and cannot be reissued.
Ranking of the RCPS	: The RCPS shall rank equally amongst themselves. In the event of liquidation, dissolution, winding-up or other repayment of capital: <ul style="list-style-type: none"> (i) The RCPS shall confer on the holders the right to receive in priority to the holders of other classes of shares in the Company, cash repayment in full of the amount (and the premium payable and the amount of any dividend that has been declared and remaining in arrears) of that RCPS provided that there shall be no further right to participate in any surplus capital or surplus profits of the Company; and (ii) In the event that the Company has insufficient assets to permit payment of the full Issue Price to the RCPS holder, the assets of the Company shall be distributed rateably to the RCPS holder in proportion to the amount that each RCPS holder would otherwise be entitled to receive.
Ranking of new shares to be issued pursuant to the conversion of the RCPS	: All new EGIB Shares to be issued pursuant to the conversion of the RCPS shall, upon allotment and issue, rank equally in all respects with the existing EGIB Shares except that such new EGIB Shares shall not entitle its holders to any dividends, rights, allotments, and/or other distributions on or prior to the relevant date of allotment of the new EGIB Shares arising from the conversion of the RCPS.
Adjustment to Conversion Right, Conversion Price and Conversion Mode	: The Conversion Price and/or Conversion Right will be adjusted, at the determination of the Company, in all or any of the following cases: <ul style="list-style-type: none"> (i) A bonus issue of ordinary shares by the Company; or

Terms

Details

- (ii) A capital distribution to shareholders made by the Company whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is lost or unrepresented by assets; or
- (iii) A rights issue of ordinary shares or convertible securities by the Company; or
- (iv) Any other circumstances deemed necessary by the Board.

No adjustment to the Conversion Right, Conversion Price and Conversion Mode will be made unless the computation has been certified by the auditors of the Company.

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INFORMATION ON OUR COMPANY**1. HISTORY AND BUSINESS**

Our Company was incorporated in Malaysia on 14 August 1991 under the Act under the name Dailywin Sdn Bhd. Subsequently, on 16 October 1992, we converted into a public limited Company under the name Dai-Ichi Industries Berhad. On 30 June 2000, our Company changed our name to EG.COM Berhad and subsequently adopted our present name on 5 January 2004.

Our Group provides EMS ranging from original equipment manufacturing to original design manufacturing with full turnkey solutions for completed final products assembly (box build), printed circuit board assembly and modular components assembly for several industries including consumer electronics, information & communications technology, medical, automotive and telecommunications.

Through our manufacturing facilities located in Malaysia and Thailand, our Group provides electronic manufacturing services to customers in Malaysia, Singapore, Thailand and Europe.

We are an investment holding company. The principal activities of our subsidiaries are set out in Section 5 of this Appendix.

2. SHARE CAPITAL

As at the LPD, our Company has an issued share capital of RM105,781,996 comprising 211,563,992 Shares.

2.1 Changes in Issued Share Capital

The changes in our Company's issued share capital for the last 3 years are as follows:

<u>Date of allotment</u>	<u>No. of Shares issued</u>	<u>Consideration</u>	<u>Cumulative Total (RM)</u>
17 June 2015	2,100,000	Cash	77,116,600
25 August 2015	-	Pursuant to a par value reduction	38,558,300
4 November 2015	115,241,392	Cash (pursuant to a rights issue)	96,178,996
3 December 2015	19,206,000	Cash (pursuant to a private placement)	105,781,996

3. SUBSTANTIAL SHAREHOLDERS

Based on our Record of Depositors as at the LPD, the pro forma effects of the Rights Issue and Bonus Issue on the shareholdings of our substantial shareholders are as set out in Section 7.2 of this Abridged Prospectus.

4. BOARD OF DIRECTORS

The age, designation, nationalities and addresses of our Board are set out under the Corporate Directory on page (vi) of this Abridged Prospectus.

The pro forma effects of the Rights Issue on the shareholding of our Directors, assuming all Directors subscribe for their respective entitlements under the Rights Issue and the Undertaking Shareholders subscribe to the RCPS pursuant to the Undertakings, are set out below:

Minimum Scenario - assuming all the Entitled Shareholders subscribed in full for their respective entitlements to the RCPS and no Warrants-C are exercised prior to the Entitlement Date

	As at the LPD				(I) After the Rights Issue and Bonus Issue				(II) After (I) and assuming full conversion/exercise of RCPS and Warrants-C			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Terence Kang	10,091	4.77	24,973 ⁽¹⁾	11.80	12,614	4.77	31,216 ⁽¹⁾	11.80	21,121 ⁽²⁾	5.47	37,459 ⁽¹⁾	9.70
Ang Seng Wong	8,252	3.90	-	-	10,315	3.90	-	-	13,575 ⁽³⁾	3.51	-	-
Lim Sze Yan	-	-	-	-	-	-	-	-	-	-	-	-
Lee Kean Teong	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

- (1) Deemed interested by virtue of his shareholdings in Jubilee.
- (2) Assuming he exercises his 5,000,000 Warrants-C and 984,300 Additional Warrants-C.
- (3) Assuming he exercises his 1,000,000 Warrants-C and 196,860 Additional Warrants-C.

Maximum Scenario - assuming all Warrants-C are exercised prior to the Entitlement Date and all the Entitled Shareholders subscribed in full for their respective entitlements to the RCPS

	As at the LPD		Assuming full exercise of Warrants-C	
	Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%
Terence Kang	10,091	4.77	24,973 ⁽¹⁾	11.80
Ang Seng Wong	8,252	3.90	-	-
Lim Sze Yan	-	-	-	-
Lee Kean Teong	-	-	-	-
			15,091 ⁽²⁾	5.61
			9,252 ⁽³⁾	3.44
			-	-
			-	-
			-	-
			24,973 ⁽¹⁾	9.28
			-	-

	(II)		(III)	
	After (I) and the Rights Issue		After (II) and assuming full conversion of RCPS	
	No. of Shares ('000)	%	No. of Shares ('000)	%
Terence Kang	18,864	5.61	22,636	5.61
Ang Seng Wong	11,565	3.44	13,878	3.44
Lim Sze Yan	-	-	-	-
Lee Kean Teong	-	-	-	-
			37,459 ⁽¹⁾	9.28

Notes:

- (1) Deemed interested by virtue of their shareholdings in Jubilee.
- (2) Assuming he exercises his 5,000,000 Warrants-C prior to the Entitlement Date.
- (3) Assuming he exercises his 1,000,000 Warrants-C prior to the Entitlement Date.

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

Our subsidiaries as at the LPD are as follows:

Subsidiaries	Date / Country of incorporation	Issued share capital	Effective ownership (%)	Principal activities
SMT Technologies Sdn Bhd	25 October 1993/ Malaysia	RM20,000,000 comprising 20,000,000 ordinary shares	100.0	Provision of EMS for computer peripherals and consumer electronic/electrical products industries
SMT Industries Co., Ltd	7 April 2006/ Thailand	THB256,765,000 comprising 25,676,500 ordinary shares	100.0	Provision of EMS for computer peripherals, consumer electronic/electrical and automotive industrial products industries
EG R&D Sdn Bhd	19 December 2013/ Malaysia	RM400,000 comprising 400,000 ordinary shares	100.0	Research and development activities for electronic, electrical, telecommunication and technological products
EG Operations Sdn Bhd	26 December 2013/ Malaysia	RM400,000 comprising 400,000 ordinary shares	100.0	Dormant
EG Electronic Sdn Bhd	9 September 2014/ Malaysia	RM1,000,000 comprising 1,000,000 ordinary shares	100.0	Original equipment manufacturer/ original design manufacturer in complete box built products
EG Global Sdn Bhd	8 September 2014/ Malaysia	RM2 comprising 2 ordinary shares	100.0	Procurement, sales, marketing and distribution of electronics and electrical products and related components
Mastimber Industries Sdn Bhd	24 January 1997/ Malaysia	RM10,000,000 comprising 10,000,000 ordinary shares	90.5	Dormant
Glisten Knight Sdn Bhd*	8 August 1995/ Malaysia	RM500,000 comprising 500,000 ordinary shares	100.0	Investment holding

Note:

* *subsidiary of SMT Technologies Sdn Bhd*

We do not have any associated company as at LPD.

6. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements for the FYEs 2014 to 2016 and the unaudited consolidated financial statements for the FYE 2017 are as follows:

	Audited FYE			Unaudited
	2014	2015	2016	FYE
	RM'000	RM'000	RM'000	2017
				RM'000
Revenue	993,376	636,075	712,689	1,008,122
Gross profit	31,783	33,993	50,702	59,795
Depreciation and amortisation	(21,947)	(25,019)	(24,711)	(27,516)
Finance costs	(8,988)	(9,203)	(10,216)	(10,717)
PBT	6,116	23,629	21,224	24,771
Tax (expenses)/ income	(3,832)	2,726	(4,194)	(1,791)
PAT	2,284	26,355	17,030	22,980
Minority interest	254	(124)	(2)	-
PAT after minority interest	2,030	26,479	17,032	22,980
EBITDA	37,051	57,851	56,151	63,004
Other income	184	18,196	6,229	2,141
Gross profit margin (%)	3.20	5.34	7.11	5.93
PAT margin (%)	0.23	4.14	2.39	2.28
Weighted average number of ordinary shares in issue ('000)	74,916	74,821	161,126	211,267
Outstanding number of Warrants-C	-	-	57,621	57,621
Net EPS (sen)	2.71	35.39	10.57	10.88
Diluted EPS (sen)	2.71	35.39	7.79	8.55
Dividend per share (sen)	-	-	-	-

Commentaries on financial performance:

FYE 30 June 2015 as compared to FYE 30 June 2014

Our revenue declined by RM357.3 million (35.97%) due to change of product sales mix to focus on high margin products and reduce in sales for low margin products during the financial year. During the financial year, we secured orders for box-build products used in branded consumer electronics makers based in Europe and United States of America.

Customers in the United States of America and Europe were shifting their focus of OEM and ODM from China, making South East Asia their preferred destination.

Despite the decrease in revenue, we managed to record an improvement of RM17.5 million in our PBT to RM23.6 million (2015: RM6.1 million). The improvement in profits was mainly due to sales of higher margin products and RM15.4 million fair value gain on the sale of financial assets.

FYE 30 June 2016 as compared to FYE 30 June 2015

Our Group's revenue showed an improvement of RM76.6 million (12.04%) mainly due to increasing sales in the PCBA and the box-build segment. During the financial year, we secured a 2 year manufacturing and supply contract with Tramigo Ltd worth USD50 million to provide full-scale manufacturing services from mould-making and plastic injection to final product assembly and testing.

Although there was a significant increase in our revenue, our PBT however declined by RM2.4 million (10.2%). The decline in our PBT was mainly due to the exclusion of the RM15.4 million fair value gain on the sale of financial assets in the previous financial year. Nonetheless, we recorded an improvement in our core operating profits, stemming from an improved product mix and the increased sales.

Unaudited FYE 30 June 2017 as compared to FYE 30 June 2016

Our Group recorded revenue of approximately RM1,008.1 million for the unaudited FYE 30 June 2017. This represents an improvement of RM295.4 million (41.45%) as compared to the FYE 30 June 2016. The increase was mainly driven by the launch of several new box-build projects such as Flic, a wireless smart button project worth RM146 million. Under the 2 year contract awarded by Sweden-based Shortcut Labs AB, our Group will undertake the full-scale manufacturing of Flic for the worldwide market, and to distribute it in Asia. Additionally, there was higher demand for data storage and consumer electronic products during the FYE 30 June 2017.

The increase in revenue has led to an increase of RM3.6 million (16.71%) in the Group's PBT for FYE 30 June 2017 as compared to the PBT for FYE 30 June 2016 of RM21.2 million. This increase was offset by a one-off gain from a disposal of investment properties of RM3.2 million recorded in FYE 30 June 2016. Our Group also recorded a net foreign exchange loss of RM1.3 million in the FYE 30 June 2017, compared to a gain of RM5.2 million in the FYE 30 June 2016.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of EGIB's Shares as traded on Bursa Securities for the past 12 months are as follows:

	High (RM)	Low (RM)
2016		
September	0.88	0.82
October	0.89	0.82
November	0.87	0.81
December	0.90	0.82

	High (RM)	Low (RM)
2017		
January	0.92	0.86
February	0.99	0.86
March	0.94	0.87
April	0.93	0.84
May	0.92	0.85
June	0.88	0.81
July	0.87	0.80
August	0.82	0.75

The last transacted price of EGIB Shares on 14 February 2017 being the date immediately prior to the announcement of the Corporate Exercises was RM0.98 per Share.

The last transacted price of EGIB Shares as at LPD was RM0.79 per Share.

The last transacted price of EGIB Shares on 15 September 2017, being the Market Day prior to the ex-date of the Rights Issue was RM0.745 per Share.

(Source: M&A Securities)

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PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2016 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON

(Prepared for inclusion in this Abridged Prospectus)



UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

Date: 11 SEP 2017

The Board of Directors
EG Industries Berhad
Plot 102
Bakar Arang Industrial Estate
08000 Sungai Petani

Dear Sir/Madam,

**EG INDUSTRIES BERHAD (“EGIB” OR “COMPANY”)
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

We have completed our assurance engagement to report on the compilation of Pro forma Consolidated Statement of Financial Position of EGIB and its subsidiaries (“**EGIB Group**” or “**Group**”) as at 30 June 2016, together with the accompanying notes thereon for which the Board of Directors of the Company are solely responsible, as set out in the accompanying statements (which we have stamped for the purpose of identification).

The Pro forma Consolidated Statement of Financial Position are prepared for illustrative purposes only and for the inclusion in the Abridged Prospectus to the shareholders of EGIB (“**AP**”) in connection with the following:

- (I) Renounceable rights issue of up to 67,296,172 new Redeemable Convertible Preference Shares (“**RCPS**”) at an indicative issue price of RM0.95 per RCPS on the basis of one (1) RCPS for every four (4) existing ordinary shares in EGIB (“**EGIB share(s)**” or “**share(s)**”) at an entitlement date to be determined later (“**Entitlement Date**”) (“**Rights Issue**”); and
- (II) Bonus issue of up to 67,296,172 new EGIB shares to be credited as fully paid-up shares (“**Bonus Share(s)**”) on the basis of one (1) Bonus Share for every one (1) RCPS subscribed by the entitled shareholders of EGIB and/or their renounee(s) pursuant to the Rights Issue (“**Bonus Issue**”);

or collectively referred to as the “**Corporate Exercises**”

.../2



- 2 -

The Pro forma Consolidated Statement of Financial Position have been compiled by the Directors of the Company (“**Directors**”) to illustrate the effects of the Corporate Exercises on the audited Consolidated Statement of Financial Position of EGIB Group as at 30 June 2016 had the Corporate Exercises been effected on that date and the illustration of the said effects are set out in Appendix A and the notes set out in the accompanying Notes 6 to 15 to the Pro forma Consolidated Statement of Financial Position in this letter.

As part of this process, information about the financial position has been extracted by the Directors from the audited financial statements of the Group for the financial year ended 30 June 2016, which has been published.

The Directors’ Responsibility for the Pro forma Consolidated Statement of Financial Position

The Directors are responsible for compiling the Pro forma Consolidated Statement of Financial Position on the basis set out in the accompanying notes thereto.

Our Responsibilities

Our responsibility is to express an opinion about whether the Pro forma Consolidated Statement of Financial Position have been compiled, in all material respects, by the Directors on the basis set out in the accompanying notes thereto.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (“**ISAE**”), ISAE 3420, *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus* issued by Malaysian Institute of Accountants. This standard requires us to comply with the ethical requirements and plan and perform procedures to obtain reasonable assurance on whether the Directors have compiled, in all material respects, the Pro forma Consolidated Statement of Financial Position on the basis as set out in the accompanying notes thereto.

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

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

.../3



- 3 -

Our Responsibilities (Cont'd)

A reasonable assurance engagement to report on whether the Pro forma Consolidated Statement of Financial Position have been compiled, in all material aspects, by the Directors on the basis set out in the accompanying notes thereto involves performing procedures to assess whether the basis set out in the accompanying notes thereto used by the Directors in the compilation of Pro forma Consolidated Statement of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain appropriate evidence on 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 information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the 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 obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (i) the Pro forma Consolidated Statement of Financial Position as at 30 June 2016, which have been prepared by the Directors, have been properly prepared on the basis stated in the accompanying Note 1 in Appendix A to the Pro forma Consolidated Statement of Financial Position using financial statements prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and in a manner consistent with both the format of the financial statements and the accounting policies adopted by EGIB Group unless otherwise stated; and
- (ii) each material adjustments made to the information used in the preparation of the Pro forma Consolidated Statement of Financial Position is appropriate for the purpose of preparing the Pro forma Consolidated Statement of Financial Position.

.../4



- 4 -

Other Matters

This letter has been prepared solely for the purpose of inclusion in the AP in connection with the Corporate Exercises. Our work had been carried out in accordance with International Standard on Assurance Engagements issued by Malaysian Institute of Accountants and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Corporate Exercises described above. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the above Corporate Exercises.

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UHY

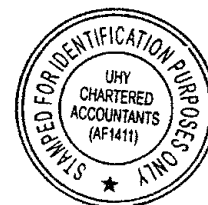
Firm Number: AF 1411
Chartered Accountants

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YE OH AIK CHUAN

Approved Number: 2239/07/18(J)
Chartered Accountant

PENANG

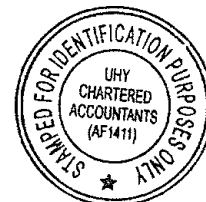


EG Industries Berhad ("EGIB")
Pro forma Consolidated Statement of Financial Position as at 30 June 2016

The Pro forma Consolidated Statement of Financial Position as set out below have been prepared for illustrative purposes only to show the effect on the pro forma consolidated statement of financial position of the EGIB Group as at 30 June 2016 and also based on the assumption that the following events had been effected on that date.

Minimum Scenario

		<u>Pro forma I</u>	<u>Pro forma II</u>	<u>Pro forma III</u>
	EGIB Group Level 30 June 2016	After the Rights Issue	After Pro forma I and Bonus Issue	After Pro forma II and conversion of all RCPS and exercise of all Warrants C
	Note	RM'000	RM'000	RM'000
Assets				
Property, plant and equipment	6	151,216	176,216	176,216
Investment properties		1,405	1,405	1,405
Other investments		5,024	5,024	5,024
Intangible assets	7	12,729	15,129	15,129
Total non-current assets		<u>170,374</u>	<u>197,774</u>	<u>197,774</u>
Inventories	8	124,359	134,359	134,359
Trade and other receivables		273,258	273,258	273,258
Current tax assets		603	603	603
Fixed deposits with licensed banks		9,812	9,812	9,812
Cash and bank balances	9	39,334	40,080	69,045
Total current assets		<u>447,366</u>	<u>458,112</u>	<u>487,077</u>
Total assets		<u>617,740</u>	<u>655,886</u>	<u>684,851</u>
Equity				
Share capital				
- ordinary shares	10	105,782	105,782	132,227
- RCPS	11	-	50,246	-
Share premium	12	20,932	19,932	19,932
Other reserves	13	34,954	34,954	8,509
Retained earnings	14	73,772	72,672	72,672
Total equity attributable to owners of the Company		<u>235,440</u>	<u>283,586</u>	<u>312,551</u>
Non-controlling interests		(762)	(762)	(762)
Total equity		<u>234,678</u>	<u>282,824</u>	<u>311,789</u>
Liabilities				
Provision for retirement benefits		215	215	215
Loans and borrowings	15	15,162	15,162	15,162
Deferred tax liabilities		1,057	1,057	1,057
Total non-current liabilities		<u>16,434</u>	<u>16,434</u>	<u>16,434</u>
Trade and other payables		170,950	170,950	170,950
Provision		800	800	800
Loans and borrowings	15	194,878	184,878	184,878
Total current liabilities		<u>366,628</u>	<u>356,628</u>	<u>356,628</u>
Total liabilities		<u>383,062</u>	<u>373,062</u>	<u>373,062</u>
Total equity and liabilities		<u>617,740</u>	<u>655,886</u>	<u>684,851</u>
Number of shares @ RM0.50 per share ('000)		<u>211,564</u>	<u>211,564</u>	<u>264,455</u>
Net assets ("NA")		<u>235,440</u>	<u>283,586</u>	<u>312,551</u>
NA per share (RM)		<u>1.11</u>	<u>1.34</u>	<u>1.07</u>
Total borrowings		<u>210,040</u>	<u>200,040</u>	<u>200,040</u>
Gearing (times)		<u>0.89</u>	<u>0.71</u>	<u>0.64</u>

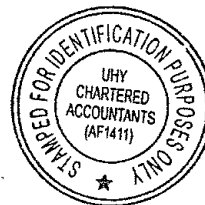


EG Industries Berhad ("EGIB")
Pro forma Consolidated Statement of Financial Position as at 30 June 2016

The Pro forma Consolidated Statement of Financial Position as set out below have been prepared for illustrative purposes only to show the effect on the pro forma consolidated statement of financial position of the EGIB Group as at 30 June 2016 and also based on the assumption that the following events had been effected on that date.

Maximum Scenario

		<u>Pro forma I</u>	<u>Pro forma II</u>	<u>Pro forma III</u>	<u>Pro forma IV</u>
		After full	After	After	After
		exercise of	Pro forma I	Pro forma II	Pro forma III
		Warrants C	and Rights	and Bonus	and conversion
			Issue	Issue	of all RCPS
			RM'000	RM'000	of all RCPS
					RM'000
	EGIB				
	Group Level				
	30 June 2016				
	RM'000				
Note					
Assets					
Property, plant and equipment	6	151,216	151,216	189,816	189,816
Investment properties		1,405	1,405	1,405	1,405
Other investments		5,024	5,024	5,024	5,024
Intangible assets	7	12,729	12,729	15,129	15,129
Total non-current assets		<u>170,374</u>	<u>170,374</u>	<u>211,374</u>	<u>211,374</u>
Inventories	8	124,359	124,359	134,359	134,359
Trade and other receivables		273,258	273,258	273,258	273,258
Current tax assets		603	603	603	603
Fixed deposits with licensed banks		9,812	9,812	9,812	9,812
Cash and bank balances	9	39,334	68,144	68,975	68,975
Total current assets		<u>447,366</u>	<u>476,176</u>	<u>487,007</u>	<u>487,007</u>
Total assets		<u>617,740</u>	<u>646,550</u>	<u>698,381</u>	<u>698,381</u>
Equity					
Share capital					
- ordinary shares	10	105,782	134,592	134,592	232,171
- RCPS	11	-	-	63,931	63,931
Share premium	12	20,932	20,932	19,932	14,746
Other reserves	13	34,954	34,954	34,954	6,492
Retained earnings	14	73,772	73,772	72,672	72,672
Total equity attributable to owners of the Company		<u>235,440</u>	<u>264,250</u>	<u>326,081</u>	<u>326,081</u>
Non-controlling interests		(762)	(762)	(762)	(762)
Total equity		<u>234,678</u>	<u>263,488</u>	<u>325,319</u>	<u>325,319</u>
Liabilities					
Provision for retirement benefits		215	215	215	215
Loans and borrowings	15	15,162	15,162	15,162	15,162
Deferred tax liabilities		1,057	1,057	1,057	1,057
Total non-current liabilities		<u>16,434</u>	<u>16,434</u>	<u>16,434</u>	<u>16,434</u>
Trade and other payables		170,950	170,950	170,950	170,950
Provision		800	800	800	800
Loans and borrowings	15	194,878	194,878	184,878	184,878
Total current liabilities		<u>366,628</u>	<u>366,628</u>	<u>356,628</u>	<u>356,628</u>
Total liabilities		<u>383,062</u>	<u>383,062</u>	<u>373,062</u>	<u>373,062</u>
Total equity and liabilities		<u>617,740</u>	<u>646,550</u>	<u>698,381</u>	<u>698,381</u>
Number of shares @ RM0.50 per share ('000)		<u>211,564</u>	<u>269,185</u>	<u>269,185</u>	<u>403,777</u>
Net assets ("NA")		<u>235,440</u>	<u>264,250</u>	<u>326,081</u>	<u>326,081</u>
NA per share (RM)		<u>1.11</u>	<u>0.98</u>	<u>1.21</u>	<u>0.81</u>
Total borrowings		<u>210,040</u>	<u>210,040</u>	<u>200,040</u>	<u>200,040</u>
Gearing (times)		<u>0.89</u>	<u>0.79</u>	<u>0.61</u>	<u>0.61</u>



EGIB AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 30 JUNE 2016

1. Basis of Preparation

The Pro forma Consolidated Statement of Financial Position of EGIB Group as at 30 June 2016 of which the Directors of EGIB Group are solely responsible, has been prepared for illustrative purposes only, to show the effects on the audited Consolidated Statement of Financial Position of EGIB Group had both the Rights Issue and Bonus Issue been effected on that date, and should be read in conjunction with the notes accompanying thereto.

The Pro forma Consolidated Statement of Financial Position of EGIB Group as at 30 June 2016 has been prepared based on the audited Consolidated Statement of Financial Position of EGIB Group as at 30 June 2016.

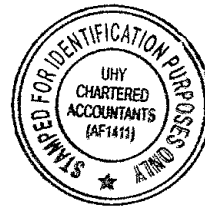
The Pro forma Consolidated Statement of Financial Position of EGIB Group has been prepared in a manner consistent with both the format of the financial statements and the accounting policies of EGIB as disclosed in the EGIB's audited consolidated financial statements for the financial year ended 30 June 2016, which have been prepared by the Directors in accordance with Malaysian Financial Reporting Standards.

2. Corporate Exercises

The Pro forma Consolidated Statement of Financial Position of the Group has been prepared assuming both the Rights Issue and Bonus Issue are effected as at 30 June 2016.

The Pro forma Consolidated Statement of Financial Position of EGIB are presented into two (2) scenarios as follows:

- Minimum Scenario** :
- (i) Assuming that none of the 57,620,696 outstanding warrants ("Warrants C") as at the LPD are exercised and converted prior to the Entitlement Date;
 - (ii) Assuming that the Rights Issue will be undertaken on a full subscription basis of 52,890,998 RCPS;
 - (iii) Assuming that the Bonus Issue will be undertaken on a full subscription basis of 52,890,998 Bonus Shares; and
 - (iv) Assuming that all Warrants C and 11,343,216 Rights Adjustment at the exercise price of RM0.42 each are subsequently converted.



**EGIB AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 30 JUNE 2016**

2. Corporate Exercises (Cont'd)

The Pro forma Consolidated Statement of Financial Position of EGIB are presented into two (2) scenarios as follows: (Cont'd)

- Maximum Scenario** :
- (i) Assuming that all the Warrants C as at the LPD are exercised and converted prior to the Entitlement Date;
 - (ii) Assuming that the Rights Issue will be undertaken on a full subscription basis of 67,296,172 RCPS; and
 - (iii) Assuming that the Bonus Issue will be undertaken on a full subscription basis of 67,296,172 Bonus Shares.

3. RCPS

The Rights Issue entails the issuance of up to 67,296,172 RCPS at the indicative issue price of RM0.95 per RCPS on the basis of 1 RCPS for every 4 EGIB Shares held on the Entitlement Date.

The RCPS shall carry the right to receive cumulative preference dividend rate per annum of 2% of the Issue Price shall be payable out of the post taxation profits of EGIB.



EGIB AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 30 JUNE 2016

4. Minimum Scenario

The Pro forma Consolidated Statement of Financial Positions are based on the assumption that the Rights Issue would be undertaken on a full subscription basis via the issuance of 52,890,998 RCPS and 52,890,998 Bonus Shares based on the Minimum Scenario.

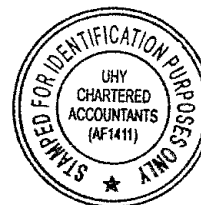
4.1 Pro forma I – Rights Issue and utilisation of proceeds

Pro forma I incorporates the effects of the Rights Issue based on the Minimum Scenario and additional 11,343,216 Warrants C will be issued pursuant to the rights adjustment at the fair value of RM0.39.

Based on the indicative issue price of RM0.95 each for the RCPS, the Rights Issue is expected to raise gross proceeds of up to approximately RM50.246 million.

The gross proceeds are expected to be utilised in the following manner:

<u>Details of utilisation</u>	<u>Proceeds (RM'000)</u>	<u>Timeframe for the utilisation of proceeds</u>
Purchase of equipment and machinery ⁽¹⁾	15,000	Commencing and immediately within eighteen (18) months from the listing of the RCPS
Purchase of raw materials for box build segment ⁽²⁾	10,000	Commencing and immediately within twelve (12) months from the listing of the RCPS
Expansion of research and development ("R&D") facilities ⁽³⁾	1,400	Commencing and immediately within twelve (12) months from the listing of the RCPS
Acquisition of intellectual property ⁽³⁾	1,000	Commencing and immediately within twelve (12) months from the listing of the RCPS
Repayment of bank borrowings ⁽⁴⁾	10,000	Commencing and immediately within twelve (12) months from the listing of the RCPS
Acquisition of new businesses or assets ⁽⁵⁾	10,000	Commencing and immediately within twenty four (24) months from the listing of the RCPS
Working capital comprising general operating expenses and salaries	746	Commencing and immediately within twelve (12) months from the listing of the RCPS
Estimated expenses in relation to the Corporate Exercises ⁽⁶⁾	2,100	Commencing and immediately within two (2) months from the listing of the RCPS
Total	50,246	



EGIB AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 30 JUNE 2016

4.1 Pro forma I – Rights Issue and utilisation of proceeds (Cont'd)

Notes:

- (1) The Group intends to utilise up to RM15.0 million to purchase new equipment and machineries for the Group's existing Electronic Manufacturing Services ("EMS") business such as surface mounting technology assembly lines, automated optical inspection machine, plastic injection moulding machines and upgrade of waste water treatment plant and production traceability system.*
- (2) The Group shall utilise up to RM10.0 million to purchase raw materials for its new box-build contracts that was secured during the current financial year. The raw material consists of electronics component, plastic parts and resin.*
- (3) The Group intends to embark on its new growth phase as a vertically-integrated EMS provider by further strengthening the product mix to have more revenue contribution from the box-build segment. Therefore, to be in line with its new growth phase, the R&D facilities of the Group need to be expanded. To support original design manufacturing for consumer electronics products, the Company will need to acquire intellectual property by either joint collaboration or acquisition of related software technology. The expansion of the R&D facilities consists of purchases of R&D software, R&D equipments and test equipments.*
- (4) The Group has earmarked up to RM10.0 million for the repayment of bank borrowings of the Group. The repayment of the bank borrowings will save the Group RM0.5 million in annual interest based on an average interest rate of 4.86% per annum. The total borrowings of the Group based on its unaudited consolidated financial statements for the financial year ended 30 June 2017 amounted to RM216 million, none of which are in default.*
- (5) The Board believes that the proposed allocation of proceeds for the expansion in manufacturing facilities, purchase of additional inventory and working capital will be able to support the increasing orders from EGIB's customers. To further expand EGIB's business, an additional amount of up to RM10.0 million is allocated for the acquisition of new businesses or assets within the EMS sector or other business complementary to the Group's existing EMS business which involve the provision of Printed Circuit Board ("PCB"), PCB Assembly and precision plastic injection moulding products and/or services. This may also include diversifying into other countries or locations such as Singapore, Thailand and China, or the acquisition of assets with ready capacities.*



EGIB AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 30 JUNE 2016

4.1 Pro forma I – Rights Issue and utilisation of proceeds (Cont'd)

(6) *The estimated expenses of the Corporate Exercises is approximately RM2.1 million, of which RM1.0 million is deducted against share premium and RM1.1 million is deducted against retained earnings. The following summarises the estimated expenses incidental to the Corporate Exercises to be borne by the Group:*

<i>Details</i>	<i>RM'000</i>	<i>%</i>
<i>Professional fees (including Underwriting fees)</i>	1,642	78.2
<i>Fees payable to the authorities</i>	93	4.4
<i>Printing and advertising fees</i>	30	1.4
<i>Contingencies, being any expenses set out herein which are underestimated or other ancillary expenses such as travelling and meeting expenses</i>	335	16.0
Total	2,100	100.0

Any difference in the actual expenses of the Corporate Exercises will be correspondingly adjusted to or from the proceeds allocated for working capital.

4.2 Pro forma II – After Pro forma I and Bonus Issue

Pro forma II incorporates the effects of Pro forma I and the Bonus Issue.

The Bonus Issue entails the issuance of 52,890,998 Bonus Shares in conjunction with the implementation of the Rights Issue on the basis of 1 Bonus Share for every RCPS subscribed. The Bonus Shares shall be wholly capitalised from the share premium and capital reserve of the Company.

4.3 Pro forma III – After Pro forma II and assuming conversion of all RCPS and exercise of all Warrants C

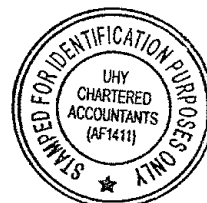
Pro forma III incorporates the effects of Pro forma II and full conversion of 52,890,998 RCPS, full exercise of 57,620,696 Warrants C and 11,343,216 Rights Adjustment at the exercise price of RM0.42 each.

5. Maximum Scenario

The Pro forma Consolidated Statement of Financial Positions are based on the assumption that the Rights Issue would be undertaken on a full subscription basis via the issuance of 67,296,172 RCPS and 67,296,172 Bonus Shares based on the Maximum Scenario.

5.1 Pro forma I – After full exercise of all Warrants C

Pro forma I incorporates the effect of all Warrants C are exercised and converted prior to the Entitlement Date.



EGIB AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 30 JUNE 2016

5.2 Pro forma II – Rights Issue and utilisation of proceeds

Pro forma II incorporates the effects of Pro forma I and the Rights Issue based on the Maximum Scenario.

Based on the indicative issue price of RM0.95 each for the RCPS, the Rights Issue is expected to raise gross proceeds of up to approximately RM63.931 million.

The gross proceeds are expected to be utilised in the following manner:

<u>Details of utilisation</u>	<u>Proceeds (RM'000)</u>	<u>Timeframe for the utilisation of proceeds</u>
Purchase of equipment and machinery ⁽¹⁾	15,000	Commencing and immediately within eighteen (18) months from the listing of the RCPS
Purchase of raw materials for box build segment ⁽²⁾	10,000	Commencing and immediately within twelve (12) months from the listing of the RCPS
Expansion of R&D facilities ⁽³⁾	1,400	Commencing and immediately within twelve (12) months from the listing of the RCPS
Acquisition of intellectual property ⁽³⁾	1,000	Commencing and immediately within twelve (12) months from the listing of the RCPS
Repayment of bank borrowings ⁽⁴⁾	10,000	Commencing and immediately within twelve (12) months from the listing of the RCPS
Acquisition of new businesses or assets ⁽⁵⁾	23,600	Commencing and immediately within twenty four (24) months from the listing of the RCPS
Working capital comprising general operating expenses and salaries	831	Commencing and immediately within twelve (12) months from the listing of the RCPS
Estimated expenses in relation to the Corporate Exercises ⁽⁶⁾	2,100	Commencing and immediately within two (2) months from the listing of the RCPS
Total	<u>63,931</u>	

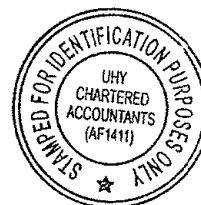


**EGIB AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 30 JUNE 2016**

5.2 Pro forma II – Rights Issue and utilisation of proceeds (Cont'd)

Notes:

- (1) *The Group intends to utilise up to RM15.0 million to purchase new equipment and machineries for the Group's existing Electronic Manufacturing Services ("EMS") business such as surface mounting technology assembly lines, automotive optical inspection machine, plastic injection moulding machines and upgrade of waste water treatment plant and production traceability system.*
- (2) *The Group shall utilise up to RM10.0 million to purchase raw materials for its new box-build contracts that was secured during the current financial year. The raw material consists of electronics component, plastic parts and resin.*
- (3) *The Group intends to embark on its new growth phase as a vertically-integrated EMS provider by further strengthening the product mix to have more revenue contribution from the box-build segment. Therefore, to be in line with its new growth phase, the R&D facilities of the Group need to be expanded. To support original design manufacturing for consumer electronics products, the Company will need to acquire intellectual property by either joint collaboration or acquisition of related software technology. The expansion of the R&D facilities consists of purchases of R&D software, R&D equipments and test equipments.*
- (4) *The Group has earmarked up to RM10.0 million for the repayment of bank borrowings of the Group. The repayment of the bank borrowings will save the Group RM0.5 million in annual interest based on an average interest rate of 4.86% per annum. The total borrowings of the Group based on its unaudited consolidated financial statements for the financial year ended 30 June 2017 amounted to RM216 million, none of which are in default.*
- (5) *The Board believes that the proposed allocation of proceeds for the expansion in manufacturing facilities, purchase of additional inventory and working capital will be able to support the increasing orders from EGIB's customers. To further expand EGIB's business, an additional amount of up to RM23.6 million is allocated for the acquisition of new businesses or assets within the EMS sector or other business complementary to the Group's existing EMS business which involve the provision of Printed Circuit Board ("PCB"), PCB Assembly and precision plastic injection moulding products and/or services. This may also include diversifying into other countries or locations such as Singapore, Thailand and China, or the acquisition of assets with ready capacities.*



EGIB AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 30 JUNE 2016

5.2 Pro forma II – Rights Issue and utilisation of proceeds (Cont'd)

(6) *The estimated expenses of the Corporate Exercises is approximately RM2.1 million, of which RM1.0 million is deducted against share premium and RM1.1 million is deducted against retained earnings. The following summarises the estimated expenses incidental to the Corporate Exercises to be borne by the Group:*

<i>Details</i>	<i>RM'000</i>	<i>%</i>
<i>Professional fees (including Underwriting fees)</i>	1,642	78.2
<i>Fees payable to the authorities</i>	93	4.4
<i>Printing and advertising fees</i>	30	1.4
<i>Contingencies, being any expenses set out herein which are underestimated or other ancillary expenses such as travelling and meeting expenses</i>	335	16.0
Total	2,100	100.0

Any difference in the actual expenses of the Corporate Exercises will be correspondingly adjusted to or from the proceeds allocated for working capital.

5.3 Pro forma III – After Pro forma II and Bonus Issue

Pro forma III incorporates the effects of Pro forma II and the Bonus Issue.

The Bonus Issue entails the issuance of 67,296,172 Bonus Shares in conjunction with the implementation of the Rights Issue on the basis of 1 Bonus Share for every RCPS subscribed. The Bonus Shares shall be wholly capitalised from the share premium and capital reserve of the Company.

5.4 Pro forma IV – After Pro forma III and assuming conversion of all RCPS

Pro forma IV incorporates the effects of Pro forma III and full conversion of 67,296,172 RCPS.



EGIB AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 30 JUNE 2016

6. Property, plant and equipment

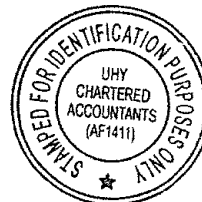
	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 June 2016 / As at 30 June 2016 and Pro forma I Rights Issue	151,216	151,216
- purchase and upgrade of equipment and machineries	15,000	15,000
- acquisition of new businesses or assets	10,000	23,600
As per Pro forma I, II and III / As per Pro forma II, III and IV	<u>176,216</u>	<u>189,816</u>

7. Intangible assets

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 June 2016 / As at 30 June 2016 and Pro forma I Rights Issue	12,729	12,729
- expansion of research and development facilities and acquisition of intellectual property	2,400	2,400
As per Pro forma I, II and III / As per Pro forma II, III and IV	<u>15,129</u>	<u>15,129</u>

8. Inventories

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 June 2016 / As at 30 June 2016 and Pro forma I Rights Issue	124,359	124,359
- purchase of raw materials for box build segment	10,000	10,000
As per Pro forma I, II and III / As per Pro forma II, III and IV	<u>134,359</u>	<u>134,359</u>



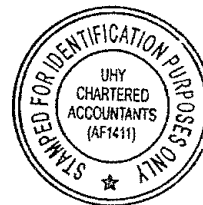
**EGIB AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 30 JUNE 2016**

9. Cash and bank balances

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 June 2016	39,334	39,334
Assuming full exercise of Warrants C	-	28,810
As at 30 June 2016 / As per Pro forma I	39,334	68,144
Rights Issue (balance after utilisation of proceeds)	746	831
As per Pro forma I and II / As per Pro forma II and III	40,080	68,975
Assuming full exercise of Warrants C	28,965	-
As per Pro forma III / As per Pro forma IV	69,045	68,975

10. Share capital – ordinary shares

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 June 2016	105,782	105,782
Assuming full exercise of Warrants C	-	28,810
As at 30 June 2016 and As per Pro forma I / As per Pro forma I and II	105,782	134,592
Bonus Issue	26,445	33,648
As per Pro forma II / As per Pro forma III	132,227	168,240
Assuming full conversion of RCPS	50,246	63,931
Assuming full exercise of Warrants C	28,965	-
As per Pro forma III / As per Pro forma IV	211,438	232,171



EGIB AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 30 JUNE 2016

11. Share capital – RCPS

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 June 2016 / As at 30 June 2016 and Pro forma I	-	-
Rights Issue	50,246	63,931
As per Pro forma I and II/ As per Pro forma II and III	50,246	63,931
Assuming full conversion of RCPS	(50,246)	(63,931)
As per Pro forma III / As per Pro forma IV	-	-

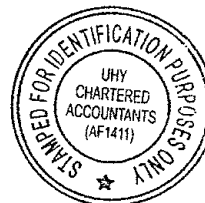
12. Share premium

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 June 2016 / As at 30 June 2016 and Pro forma I	20,932	20,932
Rights Issue		
- estimated expenses in relation to the Rights Issue, Bonus Issue and Amendments	(1,000)	(1,000)
As per Pro forma I / As per Pro forma II	19,932	19,932
Bonus Issue	-	(5,186)
As per Pro forma II and III / As per Pro forma III and IV	19,932	14,746

**EGIB AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016**



	Warrants reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Treasury shares RM'000	Capital reserve RM'000	Other reserve RM'000	Total RM'000
Minimum scenario							
As at 30 June 2016 and Pro forma I	22,628	(1,872)	8,492	(128)	28,462	(22,628)	34,954
Rights Issue-rights adjustment	4,424	-	-	-	-	(4,424)	-
As per Pro forma I	27,052	(1,872)	8,492	(128)	28,462	(27,052)	34,954
Bonus Issue	-	-	-	-	(26,445)	-	(26,445)
As per Pro forma II	27,052	(1,872)	8,492	(128)	2,017	(27,052)	8,509
Assuming full exercise of Warrants C	(27,052)	-	-	-	-	27,052	-
As per Pro forma III	-	(1,872)	8,492	(128)	2,017	-	8,509
Maximum scenario							
As at 30 June 2016	22,628	(1,872)	8,492	(128)	28,462	(22,628)	34,954
Assuming full exercise of Warrants C	(22,628)	-	-	-	-	22,628	-
As per Pro forma I and II	-	(1,872)	8,492	(128)	28,462	-	34,954
Bonus Issue	-	-	-	-	(28,462)	-	(28,462)
As per Pro forma III and IV	-	(1,872)	8,492	(128)	-	-	6,492



EGIB AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 30 JUNE 2016

14. Retained earnings

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 June 2016 / As at 30 June 2016 and Pro forma I	73,772	73,772
Rights Issue		
- estimated expenses in relation to the Rights Issue, Bonus Issue and Amendments	(1,100)	(1,100)
As per Pro forma I, II and III / As per Pro forma II, III and IV	<u>72,672</u>	<u>72,672</u>

15. Loans and borrowings

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 June 2016 / As at 30 June 2016 and Pro forma I	210,040	210,040
Rights Issue	(10,000)	(10,000)
As per Pro forma I, II and III / As per Pro forma II, III and IV	<u>200,040</u>	<u>200,040</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON

(Prepared for inclusion in this Abridged Prospectus)

Certified true copy

Yeoh Aik Chuan
Partner
UHY

EG INDUSTRIES BERHAD

(Company No. 222897-W)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

30 JUNE 2016

Registered office :
Suite 18.01, 18th Floor
MWE Plaza
No. 8, Lebuh Farquhar
10020 Penang

Principal place of business :
Plot 102, Jalan 4
Bakar Arang Industrial Estate
08000 Sungai Petani
Kedah

EG INDUSTRIES BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

30 JUNE 2016

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EG Industries Berhad

(Company No. 222897 - W)

(Incorporated in Malaysia)

and its subsidiaries

Directors' report for the year ended 30 June 2016

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2016.

Principal activities

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

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

Results

	Group RM'000	Company RM'000
Profit for the year attributable to :		
Owners of the Company	17,032	(2,466)
Non-controlling interests	(2)	-
	<u>17,030</u>	<u>(2,466)</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 since the end of the previous financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

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

Ang Seng Wong
 Lim Sze Yan
 Kang Pang Kiang
 Terence Tea Yeok Kian
 Lee Kean Teong (Appointed on 01.06.2016)
 Tai Yeong Sheng (Resigned on 01.03.2016)
 Dr. Damien Lim Yat Seng (Resigned on 01.06.2016)

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1.00/RM0.50 each				
	At 1.7.2015 RM1.00	Bought RM1.00	Rights issue subscription RM0.50	(Sold) RM1.00	At 30.6.2016 RM0.50
<u>The Company</u>					
Direct interests					
Terence Tea Yeok Kian - own	253,000	117,900	10,070,000	(350,000)	10,090,900
Kang Pang Kiang - own	100,800	-	8,151,200	-	8,252,000
Indirect interests					
Terence Tea Yeok Kian - own*	24,972,616	-	-	-	24,972,616

Directors' interests in shares (continued)

	Number of ordinary shares of Thai Baht ("THB") 10 each			At 30.6.2016
	At 1.7.2015	Transferred	(Sold)	
<u>Related corporation</u>				
<u>SMT Industries Co., Ltd</u>				
Direct interest				
Terence Tea Yeok Kian	1 ^(a)	-	-	1
Kang Pang Kiang	1 ^(a)	-	-	1

* Shares held through Jubilee Industries Holding Ltd.

(a) Share held in trust for EG Industries Berhad.

None of the other Directors holding office at 30 June 2016 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Warrants

As at the end of the financial year, the Company has the following outstanding warrants :

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding	
			30.6.2016	30.6.2015
Warrants 2015/2020	RM0.50	3.11.2020	57,620,696	-

Warrants 2015/2020 were issued on 4 November 2015 in conjunction with the issuance of 115,241,392 rights shares of RM0.50 each together with 57,620,696 free warrants. The warrants entitle the holders to subscribe for new ordinary shares in the Company on the basis of one (1) warrant for every two (2) rights shares subscribed. The warrant held at an exercise price of RM0.50 per ordinary share within 5 years from the date of the issue of the warrants.

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 and its related corporations or the fixed salary of a full-time employee of a related corporation) 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 as disclosed in Note 25 to 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 :

- a) changed its authorised share capital from 200,000,000 ordinary shares of RM1.00 each to 400,000,000 ordinary shares of RM0.50 each as a result of the par value reduction;
- b) reduced the issued and paid up capital of the Company from RM77,116,600 comprising 77,116,600 ordinary shares of RM1.00 each to RM38,558,300 comprising 77,116,600 ordinary shares of RM0.50 each via the cancellation of RM0.50 of the par value of each existing ordinary share of RM1.00 each pursuant to Section 64 of the Companies Act, 1965;
- c) issued 115,241,392 new ordinary shares at a price of RM0.50 per ordinary share via rights issue together with 57,620,696 free detachable warrants on the basis of three (3) rights shares for every two (2) existing ordinary shares of RM0.50 each held by existing shareholders, together with one (1) warrant for every two (2) rights shares subscribed after par value reduction. The proceeds from the rights issue is intended for the purpose of working capital amounting to RM21,620,696 and acquisition of property, plant and equipment amounting to RM36,000,000; and
- d) issued 19,206,000 new ordinary shares of RM0.50 each at an issue price of RM0.80 per ordinary share for RM15,364,800 pursuant to a private placement exercise for working capital purposes.

The new ordinary shares issued during the financial year ranked pari-passu in all respects with the existing ordinary shares of the Company.

There were no other changes in the share capital of the Company and no debentures were in issue during the financial year.

Options granted over unissued shares

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

The Warrants 2015/2020 were issued free to subscribers of the rights issue by the Company of 115,241,392 new ordinary shares of RM0.50 each in the Company ("Rights Shares") on the basis of one (1) warrant for every two (2) rights shares subscribed for.

Each warrant carries the entitlement, at any time during the exercise period, to subscribe for one (1) new ordinary share of RM0.50 each in the Company at the exercise price of RM0.50 per ordinary share, subject to adjustments in accordance with the provisions of the Deed Poll which is to be satisfied in cash. Any warrant not exercised during the exercise period will lapse and thereafter cease to be valid for any purpose. The exercise period of the warrant will expire on 3 November 2020.

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) there are no bad debts to be written off and no provision needs to be 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 it necessary to write off any bad debts or provide for any doubtful debts, 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.

Other statutory information (continued)

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 the gain on disposal of investment property as disclosed in Note 20 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 30 June 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

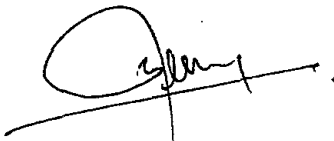
Significant event

Details of the significant event is disclosed in Note 31 to the financial statements.

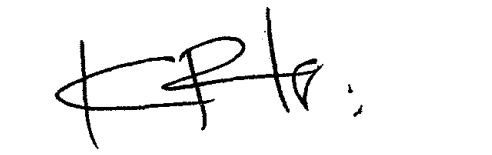
Auditors

The auditors, Messrs UHY, have expressed their willingness to continue in office.

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



.....
Terence Tea Yeok Kian



.....
Kang Pang Kiang

Penang,

Date : 27 October 2016

EG Industries Berhad

(Company No. 222897 - W)

(Incorporated in Malaysia)

and its subsidiaries**Statements of financial position as at 30 June 2016**

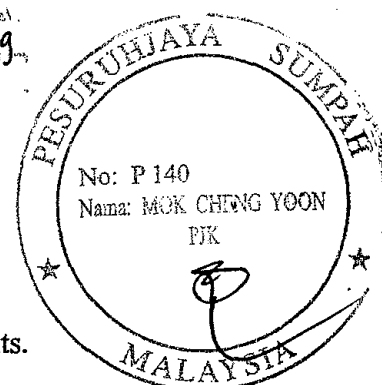
	Note	← Group →		← Company →	
		30.6.2016 RM'000	30.6.2015 RM'000 (Restated)	30.6.2016 RM'000	30.6.2015 RM'000
Assets					
Property, plant and equipment	3	151,216	144,818	1	1,191
Investment properties	4	1,405	2,663	-	-
Investments in subsidiaries	5	-	-	78,185	77,885
Other investments	6	5,024	5,524	5,024	5,524
Intangible assets	7	12,729	12,859	-	-
Deferred tax assets	8	-	2,125	-	-
Total non-current assets		<u>170,374</u>	<u>167,989</u>	<u>83,210</u>	<u>84,600</u>
Inventories	9	124,359	91,818	-	-
Trade and other receivables	10	273,258	162,653	71,504	39,456
Current tax assets		603	-	-	-
Fixed deposits with licensed banks	11	9,812	8,557	6,603	6,403
Cash and bank balances		39,334	40,914	705	201
Total current assets		<u>447,366</u>	<u>303,942</u>	<u>78,812</u>	<u>46,060</u>
Total assets		<u>617,740</u>	<u>471,931</u>	<u>162,022</u>	<u>130,660</u>

The notes on pages 21 to 102 are an integral part of these financial statements.

Statements of financial position as at 30 June 2016 (continued)

	Note	Group		Company	
		30.6.2016 RM'000	30.6.2015 RM'000 (Restated)	30.6.2016 RM'000	30.6.2015 RM'000
Equity					
Share capital	12	105,782	77,117	105,782	77,117
Reserves	13	129,658	67,330	45,332	3,985
Total equity attributable to owners of the Company		235,440	144,447	151,114	81,102
Non-controlling interests		(762)	(760)	-	-
Total equity		234,678	143,687	151,114	81,102
Liabilities					
Provision for retirement benefits	15	215	154	-	-
Loans and borrowings	17	15,162	23,007	-	-
Deferred tax liabilities	8	1,057	-	-	-
Total non-current liabilities		16,434	23,161	-	-
Trade and other payables	14	170,950	111,769	10,908	49,558
Provision	16	800	667	-	-
Current tax liabilities		-	87	-	-
Loans and borrowings	17	194,878	192,560	-	-
Total current liabilities		366,628	305,083	10,908	49,558
Total liabilities		383,062	328,244	10,908	49,558
Total equity and liabilities		617,740	471,931	162,022	130,660

This is the exhibit marked "A" referred to in the Statutory Declaration/Affidavit of Kang Pang Ciang affirmed/sworn on the 27.00T 2016



The notes on pages 21 to 102 are an integral part of these financial statements.

EG Industries Berhad
 (Company No. 222897 - W)
 (Incorporated in Malaysia)
and its subsidiaries

Statements of profit or loss and other comprehensive income for the year ended 30 June 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	18	712,689	636,075	1,643	72
Cost of sales		(661,987)	(602,082)	-	-
Gross profit		<u>50,702</u>	<u>33,993</u>	<u>1,643</u>	<u>72</u>
Administrative expenses		(21,393)	(13,762)	(5,668)	(1,705)
Distribution expenses		(2,606)	(2,687)	-	-
Other expenses		(1,492)	(2,908)	-	(2,431)
Other income		6,229	18,196	1,559	15,389
Operating profit/(loss)		<u>31,440</u>	<u>32,832</u>	<u>(2,466)</u>	<u>11,325</u>
Finance costs	19	(10,216)	(9,203)	-	-
Profit/(Loss) before tax	20	<u>21,224</u>	<u>23,629</u>	<u>(2,466)</u>	<u>11,325</u>
Tax (expense)/income	22	(4,194)	2,726	-	-
Profit/(Loss) for the year		<u>17,030</u>	<u>26,355</u>	<u>(2,466)</u>	<u>11,325</u>

The notes on pages 21 to 102 are an integral part of these financial statements

Statements of profit or loss and other comprehensive income for the year ended 30 June 2016 (continued)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other comprehensive income, net of tax					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Fair value of available-for-sale financial assets		(499)	(14,630)	(499)	(14,630)
Foreign currency translation differences for foreign operations		1,483	6,969	-	-
Total other comprehensive income/(expense) for the year, net of tax		<u>984</u>	<u>(7,661)</u>	<u>(499)</u>	<u>(14,630)</u>
Total comprehensive income/(expense) for the year		<u>18,014</u>	<u>18,694</u>	<u>(2,965)</u>	<u>(3,305)</u>
Profit/(Loss) for the year attributable to :					
Owners of the Company		17,032	26,479	(2,466)	11,325
Non-controlling interests		(2)	(124)	-	-
		<u>17,030</u>	<u>26,355</u>	<u>(2,466)</u>	<u>11,325</u>
Total comprehensive income/(expense) attributable to :					
Owners of the Company		18,016	18,818	(2,965)	(3,305)
Non-controlling interests		(2)	(124)	-	-
		<u>18,014</u>	<u>18,694</u>	<u>(2,965)</u>	<u>(3,305)</u>
Basic earnings per ordinary share (sen)	23	<u>10.57</u>	<u>35.39</u>	<u>-</u>	<u>-</u>
Diluted earnings per ordinary share (sen)	23	<u>7.79</u>	<u>35.39</u>	<u>-</u>	<u>-</u>

The notes on pages 21 to 102 are an integral part of these financial statements

Consolidated statement of changes in equity for the year ended 30 June 2016

	← Attributable to owners of the Company →				← Distributable →			Total equity RM'000	
	Share capital RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000		Non-controlling interests RM'000
At 1 July 2014	75,017	3,700	13,257	40	15,170	(29)	16,465	(636)	122,984
Foreign currency translation differences for foreign operations	-	-	6,969	-	-	-	-	-	6,969
Fair value of available-for-sale financial assets	-	-	(14,630)	-	-	-	-	-	(14,630)
Total other comprehensive expense for the year	-	-	(14,630)	6,969	-	-	-	-	(7,661)
Profit for the year	-	-	-	-	-	-	26,479	(124)	26,355
Total comprehensive income/(expense) for the year	-	-	(14,630)	6,969	-	-	26,479	(124)	18,694
Issue of ordinary shares pursuant to exercise of warrants (Note 12)	2,100	-	-	-	-	-	-	-	2,100
Effect arising from exercise/expiry of warrants	-	(3,700)	-	-	-	-	3,700	-	-
Treasury shares acquired	-	-	-	-	-	(91)	-	-	(91)
Total transactions with owners of the Company	2,100	(3,700)	-	-	-	(91)	3,700	-	2,009
At 30 June 2015 (Restated)	<u>77,117</u>	<u>-</u>	<u>(1,373)</u>	<u>7,009</u>	<u>15,170</u>	<u>(120)</u>	<u>46,644</u>	<u>(760)</u>	<u>143,687</u>

Consolidated statement of changes in equity for the year ended 30 June 2016 (continued)

	Attributable to owners of the Company					Distributable					Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000		
At 1 July 2015	77,117	-	(1,373)	7,009	15,170	(120)	-	-	46,644	144,447	(760)	143,687
Foreign currency translation differences for foreign operations	-	-	-	1,483	-	-	-	-	-	1,483	-	1,483
Fair value of available-for-sale financial assets	-	-	(499)	-	-	-	-	-	-	(499)	-	(499)
Total other comprehensive expense for the year	-	-	(499)	1,483	-	-	-	-	-	984	-	984
Profit for the year	-	-	-	-	-	-	-	17,032	-	17,032	(2)	17,030
Total comprehensive income/(expense) for the year	-	-	(499)	1,483	-	-	-	17,032	-	18,016	(2)	18,014
Private placement	9,603	-	-	-	5,762	-	-	-	-	15,365	-	15,365
Allocation of proceeds from rights issue	-	22,628	-	-	-	-	(22,628)	-	-	-	-	-
Rights issue with warrants	57,620	-	-	-	-	-	-	-	-	57,620	-	57,620
Par value reduction	(38,558)	-	-	-	-	-	28,462	-	10,096	-	-	-
Treasury shares acquired	-	-	-	-	-	(8)	-	-	-	-	(8)	(8)
Total transactions with owners of the Company	28,665	22,628	-	-	5,762	(8)	28,462	(22,628)	10,096	72,977	-	72,977
At 30 June 2016	105,782	22,628	(1,872)	8,492	20,932	(128)	28,462	(22,628)	73,772	235,440	(762)	234,678

Statement of changes in equity for the year ended 30 June 2016

\longleftrightarrow Attributable to owners of the Company \longleftrightarrow
 \longleftrightarrow Non-distributable \longleftrightarrow

Note	Share capital RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Share premium RM'000	Treasury shares RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 July 2014	75,017	3,700	13,257	15,170	(29)	(24,717)	82,398
Total other comprehensive expense for the year							
- Fair value of available-for-sale financial assets	-	-	(14,630)	-	-	-	(14,630)
Profit for the year	-	-	-	-	-	11,325	11,325
Total comprehensive income/(expense) for the year	-	-	(14,630)	-	-	11,325	(3,305)
12 Issue of ordinary shares pursuant to exercise of warrants	2,100	-	-	-	-	-	2,100
Treasury shares acquired	-	-	-	-	(91)	-	(91)
Effect arising from exercise/expiry of warrants	-	(3,700)	-	-	-	3,700	-
Total transactions with owners of the Company	2,100	(3,700)	-	-	(91)	3,700	2,009
At 30 June 2015	77,117	-	(1,373)	15,170	(120)	(9,692)	81,102

Statement of changes in equity for the year ended 30 June 2016 (continued)

	Attributable to owners of the Company										Total equity RM'000
	Share capital RM'000	Capital reserve RM'000	Fair value reserve RM'000	Share premium RM'000	Treasury shares RM'000	Warrant reserve RM'000	Other reserve RM'000	Accumulated losses RM'000	Non-distributable		
At 1 July 2015	77,117	-	(1,373)	15,170	(120)	-	-	(9,692)			81,102
Total other comprehensive expense for the year											
- Fair value of available-for-sale financial assets	-	-	(499)	-	-	-	-	-			(499)
Profit for the year	-	-	-	-	-	-	-	(2,466)			(2,466)
Total comprehensive income/(expense) for the year	-	-	(499)	-	-	-	-	(2,466)			(2,965)
Private placement	9,603	-	-	5,762	-	-	-	-			15,365
Treasury shares acquired	-	-	-	-	(8)	-	-	-			(8)
Rights issue with warrants	57,620	-	-	-	-	-	-	-			57,620
Par value reduction	(38,558)	28,462	-	-	-	-	-	10,096			-
Allocation of proceeds from rights issue	-	-	-	-	-	22,628	-	-			-
Total transactions with owners of the Company	28,665	28,462	-	5,762	(8)	22,628	(22,628)	10,096			72,977
At 30 June 2016	105,782	28,462	(1,872)	20,932	(128)	22,628	(22,628)	(2,062)			151,114

The notes on pages 21 to 102 are an integral part of these financial statements.

EG Industries Berhad

(Company No. 222897 - W)

(Incorporated in Malaysia)

and its subsidiaries**Statements of cash flows for the year ended 30 June 2016**

	Note	Group		Company	
		2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax from continuing operations		21,224	23,629	(2,466)	11,325
Adjustments for :					
Depreciation of property, plant and equipment	3	24,711	25,019	11	27
Depreciation of investment properties	4	115	97	-	-
Amortisation of intangible assets	7	295	68	-	-
Interest expense	19	10,216	9,203	-	-
Dividend income		(4)	(1)	(4)	(1)
Gain on disposal of property, plant and equipment		(1,877)	(174)	(1,521)	-
Gain on disposal of other investments		-	(15,389)	-	(15,389)
Gain on disposal of investment properties		(3,233)	-	-	-
Interest income		(688)	(125)	(442)	(71)
Impairment loss on amount due from a subsidiary		-	-	-	2,431
Loss on disposal of plant and equipment		362	-	-	-
Plant and equipment written off		180	-	-	-
Provision for retirement benefits		57	16	-	-
Provision for warranties		133	667	-	-
Impairment loss on plant and equipment		-	1,291	-	-
Inventories written down		433	-	-	-

Statements of cash flows for the year ended 30 June 2016 (continued)

	Note	Group		Company	
		2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Operating profit/(loss) before changes in working capital		51,924	44,301	(4,422)	(1,678)
Inventories		(31,754)	(3,281)	-	-
Trade and other receivables		(110,447)	11,610	(32,047)	(8,531)
Trade and other payables		58,809	(55,606)	(38,650)	110
Cash used in operations		(31,468)	(2,976)	(75,119)	(10,099)
Tax paid		(1,678)	(582)	-	-
Dividend received		4	1	4	1
Net cash used in operating activities		(33,142)	(3,557)	(75,115)	(10,098)
Cash flows from investing activities					
Subscription of shares in subsidiaries		-	-	(300)	(400)
Acquisition of :					
- plant and equipment	A	(28,840)	(14,968)	-	-
- treasury shares		(8)	(91)	(8)	(91)
- other investments		-	(7,999)	-	(7,999)
- investment property		(168)	-	-	-
Interest received		688	125	442	71
Proceeds from disposal of :					
- other investments		-	16,591	-	16,591
- plant and equipment		3,297	4,608	2,700	-
- investment property		5,800	-	-	-
Proceeds from exercise of warrants		-	2,100	-	2,100
Net cash (used in)/ generated from investing activities		(19,231)	366	2,834	10,272

Statements of cash flows for the year ended 30 June 2016 (continued)

	Note	Group		Company	
		2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Cash flows from financing activities					
Issue of shares		72,985	-	72,985	-
Drawdown of bank borrowings, net		332	32,631	-	-
Repayment of finance lease liabilities		(7,162)	(1,294)	-	-
Repayment of term loans		(6,837)	(6,758)	-	-
Proceed from term loans		803	-	-	-
Interest paid		(10,216)	(9,203)	-	-
Placement of pledged deposits		(1,255)	(634)	(200)	(185)
Net cash generated from/(used in) financing activities		48,650	14,742	72,785	(185)
Net (decrease)/increase in cash and cash equivalents		(3,723)	11,551	504	(11)
Effect of exchange rate fluctuations on cash and bank balances		237	2,404	-	-
Cash and cash equivalents at 1 July		40,838	26,883	201	212
Cash and cash equivalents at 30 June	B	37,352	40,838	705	201

Statements of cash flows for the year ended 30 June 2016 (continued)

Notes

A. Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM32,972,694 (2015 : RM21,021,050), of which RM4,132,378 (2015 : RM6,053,300) were acquired by means of finance lease arrangement. The balance of RM28,840,316 (2015 : RM14,967,750) was paid by cash.

B. Cash and cash equivalents

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

	Note	Group		Company	
		2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Cash and bank balances		39,334	40,914	705	201
Bank overdrafts	17	(1,982)	(76)	-	-
		<u>37,352</u>	<u>40,838</u>	<u>705</u>	<u>201</u>

The notes on pages 21 to 102 are an integral part of these financial statements.

EG Industries Berhad
(Company No. 222897 - W)
(Incorporated in Malaysia)
and its subsidiaries

Notes to the financial statements

EG Industries Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business of the Company are as follows :

Registered office

Suite 18.01, 18th Floor
MWE Plaza
No. 8, Lebuhr Farquhar
10200 Penang

Principal place of business

Plot 102, Jalan 4
Bakar Arang Industrial Estate
08000 Sungai Petani
Kedah

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 30 June 2016 do not include other entities.

The Company is principally engaged in investment holding activities and provision of management service, whilst the principal activities of the other Group entities are disclosed in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 27 October 2016.

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.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

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*
- 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

- Amendments to MFRS 107, *Statement of Cash Flows - Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*

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

- Amendments to MFRS 2, *Classification and Measurement of Share-based Payment Transactions*
- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

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

- from the annual period beginning on 1 July 2016 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for those indicated with “*” which are not applicable to the Group and the Company.
- from the annual period beginning on 1 July 2017 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 July 2018 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.
- from the annual period beginning on 1 July 2019 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2019.

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

(i) *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 adoption of MFRS 15 will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) *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 and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9.

1. Basis of preparation (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in Note 2 to the financial statements and on the assumption that the Group and the Company will continue to operate as a going concern.

(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 and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with 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 :

- Note 7.1 - Impairment testing for goodwill
- Note 8 - Deferred tax liabilities/(assets)

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 these 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.

(ii) Business combination

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

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

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling 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.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combination (continued)

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 combination 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 transitions 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.

(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) 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 the comprehensive income for the year between non-controlling interests and the owners of the Company.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Non-controlling interests (continued)

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

(vi) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the 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 date, except for those that are measured at fair value are retranslated to the functional currencies at the exchange rates 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, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve ("FCTR") in equity.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 July 2012 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(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.

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

(a) *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.

(b) *Available-for-sale financial assets*

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts (continued)

Fair value arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) 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.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial 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, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains or losses on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation rates for the current and comparative periods are as follows:

	%
Buildings	1 - 5
Plant and machinery	10 - 33
Furniture and fittings	10 - 33
Office equipment	10 - 33
Tools and equipment	10 - 20
Motor vehicles	20
Factory renovation	10

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(i) Finance lease (continued)

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

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

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

(f) Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both but not for sale in ordinary course of business, use in the production or supply of goods and services or for administrative purposes. These include leasehold land which in substance is a finance lease and building held for a currently undetermined future use. Property that is occupied in the Group is accounted for as owner-occupied rather than as investment property. Investment property is initially and subsequently measured at cost.

Cost includes expenditure that are directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 60 years.

2. Significant accounting policies (continued)

(f) Investment properties carried at cost (continued)

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

Reclassification to/from investment properties

Transfers between investment properties, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

(g) Intangible assets

(i) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets comprise of software costs which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life for software costs is 10 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

2. Significant accounting policies (continued)

(h) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

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

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2. Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

2. Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Other assets (continued)

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

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

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

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

2. Significant accounting policies (continued)

(j) Inventories

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

The cost of inventories is calculated using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(m) Contingent liabilities

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

2. Significant accounting policies (continued)

(n) Income tax

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

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

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

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

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

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

(o) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

2. Significant accounting policies (continued)

(o) Employee benefits (continued)

(i) Short-term employee benefits (continued)

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plan

The liability recognised in the consolidated statement of financial position relates to the Company's subsidiary in Thailand in respect of defined benefit pension plan. The liability represents the present value of the defined benefit obligation at the end of the reporting year less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefit will be paid.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other component of equity in the year in which they arise.

(p) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, traded discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

2. Significant accounting policies (continued)

(p) Revenue and other income (continued)

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iv) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(v) Services

Revenue from services rendered is recognised in profit or loss when the services are performed.

(vi) Management fee

Management fee is recognised on accrual basis when the services are rendered.

(q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

2. Significant accounting policies (continued)

(q) Borrowing costs (continued)

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) Earnings per ordinary share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(s) Operating segments

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

(t) Warrants reserve

Fair value from the issuance of warrants are credited to warrants reserve which is non-distributable. When the warrants are exercised or expired, the warrants reserve will be transferred to another reserve account within equity.

2. Significant accounting policies (continued)

(u) Fair value measurement (continued)

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

Group	Freehold land RM'000	Long term leasehold land and improvements RM'000	Short term leasehold land and improvements RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Office equipment RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Factory renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Cost												
At 1 July 2014	5,661	3,058	3,934	23,306	235,846	1,469	3,471	6,979	2,002	2,919	1,259	289,904
Additions	-	-	-	482	14,975	38	122	724	254	13	4,413	21,021
Disposals	(4,217)	-	(200)	-	(879)	-	(35)	(41)	-	-	-	(5,372)
Transfer to intangible assets	-	-	-	-	-	-	-	-	-	-	(2,670)	(2,670)
Foreign exchange differences	186	-	-	1,237	9,230	16	(105)	208	90	-	-	10,862
At 30 June 2015/												
1 July 2015	1,630	3,058	3,734	25,025	259,172	1,523	3,453	7,870	2,346	2,932	3,002	313,745
(Restated)												
Additions	-	-	-	1	28,275	102	958	1,028	607	1,307	694	32,972
Disposals	-	-	(1,635)	-	(738)	-	(52)	-	-	-	-	(2,425)
Transfer to investment property	-	-	-	(1,272)	-	-	-	-	-	-	-	(1,272)
Transfer to intangible assets	-	-	-	-	-	-	-	-	-	-	(162)	(162)
Reclassification	-	-	-	-	-	-	-	9	-	287	(296)	-
Foreign exchange differences	43	-	-	-	2,121	4	9	48	19	1,002	-	3,246
Written off	-	-	-	-	(722)	(12)	(181)	(125)	(160)	-	-	(1,200)
At 30 June 2016	1,673	3,058	2,099	23,754	288,108	1,617	4,187	8,830	2,812	5,528	3,238	344,904

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Long term leasehold land and improvements RM'000	Short term leasehold land and improvements RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Office equipment RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Factory renovation RM'000	Capital work-in-progress RM'000	Total RM'000
At 1 July 2014	-	518	418	6,161	117,642	799	2,807	6,468	1,418	2,418	-	138,649
Depreciation charge for the year	-	39	27	748	23,244	36	157	363	212	193	-	25,019
Disposals	-	-	-	-	(862)	-	(35)	(41)	-	-	-	(938)
Impairment loss	-	-	-	-	1,189	2	9	91	-	-	-	1,291
Foreign exchange differences	-	-	-	490	4,175	11	(18)	192	56	-	-	4,906
Accumulated - depreciation - impairment losses	-	557	445	7,399	143,128	844	2,903	6,900	1,686	2,611	-	166,473
At 30 June 2015/ 1 July 2015 (Restated)	-	557	445	7,399	145,388	848	2,920	7,073	1,686	2,611	-	168,927

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Long term leasehold land and improvements RM'000	Short term leasehold land and improvements RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Office equipment RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Factory renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment losses												
Depreciation charge for the year	-	39	11	802	22,518	41	232	510	264	294	-	24,711
Transfer	-	-	-	(17)	-	-	-	-	-	-	-	(17)
Disposals	-	-	(456)	-	(150)	-	(38)	-	-	-	-	(644)
Write off	-	-	-	-	(685)	(12)	(179)	(125)	(19)	-	-	(1,020)
Foreign exchange differences	-	-	-	188	1,414	-	-	129	-	-	-	1,731
Accumulated - depreciation	-	596	-	8,372	166,225	873	2,918	7,414	1,931	2,905	-	191,234
- impairment losses	-	-	-	-	2,260	4	17	173	-	-	-	2,454
At 30 June 2016	-	596	-	8,372	168,485	877	2,935	7,587	1,931	2,905	-	193,688
Carrying amounts												
At 1 July 2014	5,661	2,540	3,516	17,145	118,204	670	664	511	584	501	1,259	151,255
At 30 June 2015/ 1 July 2015 (Restated)	1,630	2,501	3,289	17,626	113,784	675	533	797	660	321	3,002	144,818
At 30 June 2016	1,673	2,462	2,099	15,382	119,623	740	1,252	1,243	881	2,623	3,238	151,216

3. Property, plant and equipment (continued)

Company	Short term leasehold land RM'000	Office equipment RM'000	Total RM'000
Cost			
At 1 July 2014/30 June 2015/ 1 July 2015	1,634	7	1,641
Disposal	(1,634)	-	(1,634)
Write off	-	(6)	(6)
At 30 June 2016	<u>-</u>	<u>1</u>	<u>1</u>
Accumulated depreciation			
At 1 July 2014	417	6	423
Depreciation charge for the year	27	-	27
At 30 June 2015/1 July 2015	<u>444</u>	<u>6</u>	<u>450</u>
Depreciation charge for the year	11	-	11
Disposal	(455)	-	(455)
Write off	-	(6)	(6)
At 30 June 2016	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amounts			
At 1 July 2014	<u>1,217</u>	<u>1</u>	<u>1,218</u>
At 30 June 2015/1 July 2015	<u>1,190</u>	<u>1</u>	<u>1,191</u>
At 30 June 2016	<u>-</u>	<u>1</u>	<u>1</u>

3.1 Assets under finance lease - Group

Included in the carrying amount of plant and machinery and motor vehicles are assets acquired under finance lease amounting to RM18,828,145 (2015: RM21,959,059).

3. Property, plant and equipment (continued)

3.2 Leasehold land - Group/Company

The long term leasehold land is with unexpired lease periods of more than 50 years while the short term leasehold land is with unexpired lease periods of less than 50 years.

3.3 Security - Group

Property, plant and equipment of certain subsidiaries with the following carrying amounts are charged as securities to financial institutions for borrowings granted to the Group as disclosed in Note 17.1 to the financial statements :

	2016 RM'000	2015 RM'000 (Restated)
Carrying amounts		
Freehold land	1,673	1,630
Long-term and short-term leasehold land and improvements	4,561	5,790
Buildings	15,382	17,626
Plant and machinery	63,848	71,852
	85,464	96,898

4. Investment properties - Group

	Short term leasehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 July 2014/30 June 2015/1 July 2015	736	3,208	3,944
Transfer from property, plant and equipment	-	1,272	1,272
Additions	-	168	168
Disposals	(736)	(3,208)	(3,944)
At 30 June 2016	-	1,440	1,440
Accumulated depreciation			
At 1 July 2014	180	1,004	1,184
Depreciation charge for the year	22	75	97
At 30 June 2015/1 July 2015	202	1,079	1,281
Transfer from property, plant and equipment	-	17	17
Depreciation charge for the year	22	93	115
Disposals	(224)	(1,154)	(1,378)
At 30 June 2016	-	35	35

4. Investment properties - Group (continued)

	Short term leasehold land RM'000	Buildings RM'000	Total RM'000
Carrying amounts			
At 1 July 2014	556	2,204	2,760
At 30 June 2015	534	2,129	2,663
At 30 June 2016	-	1,405	1,405

The following are recognised in profit or loss in respect of investment properties :

	2016 RM'000	2015 RM'000
Rental income	135	79
Direct operating expenses :		
- income generating	28	31

4.1 Fair value information

The fair value of the investment properties as at 30 June 2016 is classified as level 3 in the fair value hierarchy and is determined to be approximately RM 1,570,000 (2015 : RM5,800,000).

The fair value of investment properties is based on the sales comparison approach whereby sales price of similar property in the locality are adjusted for differences in key attributes such as location, time, size, tenure and other relevant factors. The Directors had determined the current use of these investment properties as their highest and best use.

4.2 Security

Investment properties are charged as security to financial institutions for borrowings granted to the Group as disclosed in Note 17.1 to the financial statements.

5. Investments in subsidiaries - Company

	2016 RM'000	2015 RM'000
Unquoted shares, at cost		
At 1 July	86,935	86,535
Subscription of shares in subsidiaries	300	400
	<u>87,235</u>	<u>86,935</u>
Less : Accumulated impairment loss	(9,050)	(9,050)
At 30 June	<u>78,185</u>	<u>77,885</u>

Details of the subsidiaries are as follows :

Name of subsidiary	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2016 %	2015 %	
SMT Technologies Sdn. Bhd.	Malaysia	100	100	Provision of Electronic Manufacturing Services for computer peripherals and consumer electronic/electrical products
Mastimber Industries Sdn. Bhd.*	Malaysia	90.5	90.5	Dormant
EG Electronic Sdn. Bhd.*	Malaysia	100	100	Original Equipment Manufacturer/Original Design Manufacturer in complete box built products
EG R&D Sdn. Bhd.	Malaysia	100	100	Research and development activities for electronic, electrical, telecommunication and technology products

5. Investments in subsidiaries - Company (continued)

Name of subsidiary	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2016 %	2015 %	
EG Operations Sdn. Bhd.	Malaysia	100	100	Dormant
SMT Industries Co., Ltd *	Thailand	100	100	Provision of Electronic Manufacturing Services for computer peripherals, consumer electronic/electrical and automotive industrial products
EG Global Sdn. Bhd.*	Malaysia	100	100	Dormant
<i>Subsidiary of SMT Technologies Sdn. Bhd.</i>				
Glister Knight Sdn. Bhd. *	Malaysia	100	100	Investment holding

* Not audited by UHY

Non-controlling interest in a subsidiary

The Group's subsidiary that has material non-controlling interest ("NCI") is as follows:

	Mastimber Industries Sdn. Bhd.	
	2016 RM'000	2015 RM'000
NCI percentage of ownership interest and voting interest	9.50%	9.50%
Carrying amount of NCI	(762)	(760)
Profit/(Loss) allocated to NCI	2	(124)

5. Investments in subsidiaries - Company (continued)

Non-controlling interest in a subsidiary (continued)

	Mastimber Industries Sdn. Bhd.	
	2016	2015
	RM'000	RM'000
Summarised financial information before intra- group elimination		
At 30 June		
Current assets	50	72
Non-current liabilities	(8,061)	(8,061)
Current liabilities	(11)	(15)
Net liabilities	<u>(8,022)</u>	<u>(8,004)</u>
Year ended 30 June		
Loss for the year	(18)	(1,310)
Total comprehensive expense	<u>(18)</u>	<u>(1,310)</u>
Cash flows used in operating activities	(22)	(54)
Cash flows from investing activities	-	-
Net decrease in cash and cash equivalents	<u>(22)</u>	<u>(54)</u>

6. Other investments - Group/Company

	2016	2015
	RM'000	RM'000
Non-current		
Available for-sale financial assets		
Quoted shares in Malaysia	35	47
Quoted shares outside Malaysia	4,989	5,477
	<u>5,024</u>	<u>5,524</u>
Market value of quoted shares	<u>5,024</u>	<u>5,524</u>

7. Intangible assets - Group

	Goodwill RM'000	Software cost RM'000 (Restated)	Total RM'000 (Restated)
Cost			
At 1 July 2014	10,148	-	10,148
Transfer from property, plant and equipment	-	2,670	2,670
Reclassification	-	163	163
At 30 June 2015/1 July 2015	<u>10,148</u>	<u>2,833</u>	<u>12,981</u>
Transfer from property, plant and equipment	-	162	162
Foreign exchange differences	-	4	4
At 30 June 2016	<u><u>10,148</u></u>	<u><u>2,999</u></u>	<u><u>13,147</u></u>
Amortisation			
At 1 July 2014	-	-	-
Amortisation for the year	-	68	68
Reclassification	-	54	54
At 30 June 2015/1 July 2015	<u>-</u>	<u>122</u>	<u>122</u>
Amortisation for the year	-	295	295
Foreign exchange differences	-	1	1
At 30 June 2016	<u><u>-</u></u>	<u><u>418</u></u>	<u><u>418</u></u>
Carrying amounts			
At 1 July 2014	<u>10,148</u>	<u>2,602</u>	<u>12,750</u>
At 30 June 2015	<u>10,148</u>	<u>2,711</u>	<u>12,859</u>
At 30 June 2016	<u>10,148</u>	<u>2,581</u>	<u>12,729</u>

7.1 Impairment testing for goodwill

For the purpose of annual impairment testing, goodwill arising from business combination has been allocated to the following cash generating units ("CGU") at which the goodwill is monitored for internal management purpose :

- i) Electronic Manufacturing Services (RM10,142,066); and
- ii) Investment holding (RM5,606)

7. Intangible assets - Group (continued)

7.1 Impairment testing for goodwill (continued)

The Group has determined the recoverable amount of the goodwill relating to the above CGUs based on value in use calculations. Value in use is determined by discounting the cash flow projections from the three-year business plan developed based on management's assessment of future trends and market developments primarily in the hard disk drive industry and consumer electronic/electrical products industry. The values assigned to the key assumptions such as sales growth of 20% in the budget for financial year 2017 represent managements estimate derived from both external and internal sources (historical data). Management did not include or project any sales growth in their business plan beyond financial year 2017.

In determining the recoverable amount of the CGUs, the projected cash flows were discounted using a pre-tax discount rate of 8% (2015 : 8%)

Based on management's assessment, no impairment is required as the recoverable amount exceeds the carrying amount of the goodwill.

There are no reasonably possible changes in significant assumptions used in the fair value calculations which would cause the recoverable amount of the CGUs to fall below its carrying amount.

8. Deferred tax liabilities/(assets)

Recognised deferred tax liabilities and (assets)

Deferred tax liabilities and (assets) after appropriate offsetting are attributable to the following :

Group	2016 RM'000	2015 RM'000 (Restated)
Property, plant and equipment - capital allowance	8,074	5,970
Tax loss carry-forwards	-	(11)
Unutilised reinvestment allowance	(6,762)	(7,645)
Provisions	(364)	(303)
Other temporary differences	109	(136)
Net deferred tax liabilities/(assets) recognised	1,057	(2,125)

Deferred tax liabilities and (assets) are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

8. Deferred tax liabilities/(assets) (continued)

Recognised deferred tax liabilities and (assets) (continued)

Management estimated the amount of deferred tax assets to be recognised using profit projections from the three-year business plan developed based on management's assessment of future trends and market developments primarily in the hard disk drive industry and consumer electronic/electrical products industry.

Movements in temporary differences during the year are as follows :

Group	Recognised in profit or loss (Note 22)		Exchange difference		Recognised in profit or loss (Note 22)		Exchange difference	
	At 30.6.2014 RM'000	At 30.6.2015/ 1.7.2015 RM'000 (Restated)	RM'000 (Restated)	RM'000 (Restated)	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	6,315	(345)	-	5,970	2,104	-	8,074	
- capital allowance	(2)	(9)	-	(11)	11	-	-	
Tax loss carry-forwards	(4,847)	(2,798)	-	(7,645)	883	-	(6,762)	
Unutilised reinvestment allowance	(19)	(280)	(4)	(303)	(61)	-	(364)	
Provisions	(51)	(85)	-	(136)	246	(1)	109	
Other temporary differences								
	1,396	(3,517)	(4)	(2,125)	3,183	(1)	1,057	

8. Deferred tax liabilities/(assets) (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross) :

Group	2016 RM'000	2015 RM'000
Property, plant and equipment – capital allowances	-	1
Unutilised reinvestment allowance	-	(6,054)
Unabsorbed capital allowances	-	(2,407)
Tax loss carry-forwards	(15,801)	(15,770)
	<u>(15,801)</u>	<u>(24,230)</u>

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom.

9. Inventories - Group

	2016 RM'000	2015 RM'000 (Restated)
Raw materials	47,297	54,203
Work-in-progress	18,937	345
Manufactured inventories	58,125	37,270
	<u>124,359</u>	<u>91,818</u>

The amount of inventories recognised as cost of sales during the year amounted to RM562,553,755 (2015 : RM551,184,000).

10. Trade and other receivables

	Note	2016 RM'000	2015 RM'000 (Restated)
Group			
Trade			
Trade receivables		223,058	144,397
Non-trade			
Other receivables		17,720	2,599
Deposits	10.2	1,318	2,103
Prepayments	10.3	31,162	13,554
		50,200	18,256
		<u>273,258</u>	<u>162,653</u>

10. Trade and other receivables (continued)

Company	Note	2016 RM'000	2015 RM'000
Amount due from subsidiaries	10.1	71,355	37,212
Other receivables		44	971
Deposits	10.2	105	1,273
		71,504	39,456

10.1 Amount due from subsidiaries

The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand.

10.2 Deposits

Included in deposits represent earnest deposit pertaining to the acquisition of three units of condominium amounting to RM458,612 (2015 : RMNil) and acquisition of three units of office suite amounting to RM412,000 (2015 : RMNil).

10.3 Prepayments

Included in prepayments are amounts prepaid for the purchase of inventories amounting to RM13,768,000 (2015 : RM12,808,000) and prepaid for the purchase of machineries amounting to RM16,585,096 (2015 : RMNil).

11. Fixed deposits with licensed banks - Group and Company

The fixed deposits with licensed banks are with maturities of more than 3 months and are held in lien for borrowings granted to certain subsidiaries (Note 17.1).

12. Share capital - Group/Company

	Par value RM	2016		Par value RM	2015	
		Amount RM'000	Number of shares ('000)		Amount RM'000	Number of shares ('000)
Ordinary shares						
Authorised :						
At 1 July	1.00	200,000	200,000	1.00	200,000	200,000
Par value reduction	(0.50)	-	200,000	-	-	-
At 30 June	0.50	<u>200,000</u>	<u>400,000</u>	1.00	<u>200,000</u>	<u>200,000</u>
Issued and fully paid :						
At 1 July	1.00	77,117	77,117	1.00	75,017	75,017
Par value reduction	(0.50)	(38,558)	-	-	-	-
Issue pursuant to :						
-Private placement, at RM0.80 each	0.50	9,603	19,206	-	-	-
-Rights issue, at RM0.50 each	0.50	57,620	115,241	-	-	-
-Exercise of warrants, at RM1.00 each	-	-	-	1.00	2,100	2,100
At 30 June	0.50	<u>105,782</u>	<u>211,564</u>	1.00	<u>77,117</u>	<u>77,117</u>

12. Share capital - Group/Company (continued)

During the financial year, the Company changed its authorised share capital from 200,000,000 ordinary shares of RM1.00 each to 400,000,000 ordinary shares of RM0.50 each as a result of the par value reduction.

Consequently, the Company reduced the issued and paid up capital of the Company from RM77,116,600 comprising 77,116,600 ordinary shares of RM1.00 each to RM38,558,300 comprising 77,116,600 ordinary shares of RM0.50 each via the cancellation of RM0.50 of the par value of each existing ordinary share of RM1.00 each pursuant to Section 64 of the Companies Act, 1965.

During the financial year, the Company issued 115,241,392 new ordinary shares at a price of RM0.50 per ordinary share via rights issue together with 57,620,696 free detachable warrants on the basis of three (3) rights shares for every two (2) existing ordinary shares of RM0.50 each held by existing shareholders, together with one (1) warrant for every two (2) rights shares subscribed after par value reduction.

During the financial year, the Company issued 19,206,000 new ordinary shares of RM0.50 each at an issue price of RM0.80 per ordinary share for RM15,364,800 pursuant to a private placement exercise.

The new ordinary shares issued during the financial year ranked pari-passu in all respects with the existing ordinary shares of the Company.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

13. Reserves

Group	Note	2016 RM'000	2015 RM'000 (Restated)
Non-distributable :			
Warrants reserve	13.1	22,628	-
Fair value reserve	13.2	(1,872)	(1,373)
Translation reserve	13.3	8,492	7,009
Share premium	13.4	20,932	15,170
Treasury shares	13.5	(128)	(120)
Capital reserve	13.6	28,462	-
Other reserve	13.7	(22,628)	-
		<u>55,886</u>	<u>20,686</u>
Distributable :			
Retained earnings		73,772	46,644
		<u>129,658</u>	<u>67,330</u>
Company			
Non-distributable :			
Warrants reserve	13.1	22,628	-
Fair value reserve	13.2	(1,872)	(1,373)
Share premium	13.4	20,932	15,170
Treasury shares	13.5	(128)	(120)
Capital reserve	13.6	28,462	-
Other reserve	13.7	(22,628)	-
Accumulated losses		(2,062)	(9,692)
		<u>45,332</u>	<u>3,985</u>

13. Reserves (continued)

The movements in the reserves are disclosed in the statements of changes in equity.

13.1 Warrants reserve

During the financial year, the Company allotted 115,241,392 rights issue of RM0.50 each at a price of RM0.50 per ordinary share on the basis of three (3) rights shares for every two (2) ordinary shares held by existing shareholders, together with 57,620,696 free warrants on the basis of one (1) warrant for every two (2) rights shares subscribed.

The warrants reserve represents the fair value allocated to the issue of Warrants 2015/2020. When the warrants are exercised or expired, the warrants reserve remains in equity, although it may be transferred to another reserve account within equity.

13.2 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

13.3 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

13.4 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

13. Reserves (continued)

13.5 Treasury shares

The shareholders of the Company at 24th Annual General Meeting held on 23 December 2015, approved the Company's plan to repurchase up to 10% of its issued and paid-up share capital which comprise ordinary shares with par value of RM0.50 each.

For the financial year ended 30 June 2016, the Company repurchased 10,000 (2015: 178,000) of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.78 (2015 : RM0.511) per share. The total consideration paid was RM7,893 (2015 : RM91,331) including transaction costs of RM93 (2015 : RM296). The repurchase was financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with the provision of Section 67A of the Companies Act, 1965.

No treasury shares were re-issued during the current financial year. At 30 June 2016, the Company held 294,000 (2015 : 284,000) of its shares as treasury shares. The number of outstanding ordinary shares of RM0.50 each in issue after deducting treasury shares held is 211,269,992 (2015 : 76,832,600).

13.6 Capital reserve

Capital reserve arose from the capital reduction exercise during the year.

13.7 Other reserve

Other reserve arose from the allocation of proceeds from rights issue in respect of fair value of warrants.

14. Trade and other payables

Group	Note	2016 RM'000	2015 RM'000 (Restated)
Trade payables			
Trade payables		161,839	107,744
Non-trade			
Other payables		4,182	553
Deposit		23	8
Accruals		4,906	3,464
		9,111	4,025
		<u>170,950</u>	<u>111,769</u>
Company			
Non-trade			
Amount due to subsidiaries	14.1	10,432	49,256
Other payables		237	108
Accruals		239	194
		<u>10,908</u>	<u>49,558</u>

14.1 Amount due to subsidiaries

The non-trade amount due to subsidiaries is unsecured, interest-free and payable on demand.

15. Provision for retirement benefits - Group

Provident fund

A subsidiary in Thailand operates a provident fund for its employees. The contributions from employees are deducted from their monthly salaries, whereas the subsidiary makes its contribution to the fund as well. The provident fund is managed by a financial institution, an authorised fund manager in accordance with Thailand's Provident Fund Act B.E. 2530.

The Group's contributions for the year ended 30 June 2016 amounted to RM8,300 (2015 : RM 4,400).

Under the labour laws in Thailand, all employees with more than 120 days of service are entitled to Legal Severance Payment benefits ranging from 30 days to 300 days of final salary upon termination of service, including forced termination or retrenchment, or in the event of retirement. The present value of defined benefit obligations are as follows :

	2016 RM'000	2015 RM'000 (Restated)
Present value of obligations - non current	<u>215</u>	<u>154</u>

The movements in the defined benefit obligations over the year is as follows :

	2016 RM'000	2015 RM'000 (Restated)
At 1 July 2015	154	94
Amount recognised in profit or loss		
- Current service cost	50	35
- Interest cost	7	4
- Foreign exchange differences	4	21
At 30 June 2016	<u>215</u>	<u>154</u>

15. Provision for retirement benefits - Group (continued)

The principal actuarial assumptions used are as follows :

	2016	2015
Discount rate	4.5%	4.5%
Inflation rate	3.0%	3.0%
Future salary increase		
- Prior to age 30	12.0%	12.0%
- between age 30 to 40	8.0%	8.0%
- age 40 onwards	6.0%	6.0%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics in Thailand. The Thailand TMO08 tables contain the results of the most recent mortality investigation on policy holders of life insurance companies in Thailand. The Group accounts for this severance liability on an actuarial basis using the projected unit credit method.

16. Provision - Group

	Warranties	
	2016 RM'000	2015 RM'000
At 1 July	667	-
Provision	133	667
At 30 June	800	667

The provision for warranties represents estimated liabilities for defects arising from products sold under warranty. The provision is based on management's estimate made from historical warranty data associated with the products and judgement on the probability of a defect arising from products sold.

17. Loans and borrowings - Group

	2016 RM'000	2015 RM'000 (Restated)
Non-current :		
Secured		
Term loans	8,040	13,160
Finance lease liabilities	7,122	9,847
	15,162	23,007

	2016 RM'000	2015 RM'000 (Restated)
Current :		
Secured		
Bank overdrafts	1,982	76
Bankers' acceptances	172,292	164,864
Trust receipts	12,912	7,561
Term loans	3,625	4,309
Finance lease liabilities	4,067	4,367
Trade financing	-	11,383
	194,878	192,560

17.1 Security

The loans and borrowings of the Group are secured as follows :

- i) legal charges over the freehold land, leasehold land, buildings and plant and machinery of certain subsidiaries (Note 3.3) and investment properties of the Group (Note 4.2);
- ii) fixed deposits held in lien of the Group and of the Company (Note 11); and
- iii) collateralised by corporate guarantee from the Company.

Finance lease liabilities are secured as the rights to the assets under the finance lease that revert to the lessor in the event of default.

17. Loans and borrowings – Group (continued)

17.2 Finance lease liabilities

Finance lease liabilities are payable as follows :

Group	← 2016 →			← 2015 →		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000 (Restated)	Interest RM'000 (Restated)	Present value of minimum lease payments RM'000 (Restated)
Less than 1 year	4,660	593	4,067	5,150	783	4,367
Between 1 and 5 years	7,523	444	7,079	10,685	846	9,839
More than 5 years	45	2	43	10	2	8
	<u>12,228</u>	<u>1,039</u>	<u>11,189</u>	<u>15,845</u>	<u>1,631</u>	<u>14,214</u>

18. Revenue

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Invoiced value of goods sold less discounts and returns	712,243	636,003	-	-
Dividend income	4	1	4	1
Interest income	442	71	442	71
Management fee	-	-	1,197	-
	<u>712,689</u>	<u>636,075</u>	<u>1,643</u>	<u>72</u>

19. Finance costs – Group

	2016 RM'000	2015 RM'000
Interest expenses on :		
Bankers' acceptances/Trade financing	6,938	6,323
Finance lease liabilities	858	1,167
Revolving credit	272	38
Term loans	2,060	1,590
Bank overdrafts	72	85
Others	16	-
	<u>10,216</u>	<u>9,203</u>

20. Profit/(Loss) before tax

Profit/(Loss) before tax is arrived at :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
After charging :				
Auditors' remuneration				
- Statutory audit				
- UHY	111	-	39	-
- other auditors	106	213	-	40
- Other services				
- UHY	20	-	20	-
- Other auditors	39	162	-	30
Depreciation of property, plant and equipment (Note 3)	24,711	25,019	11	27
Depreciation of investment properties (Note 4)	115	97	-	-
Amortisation of intangible assets (Note 7)	295	68	-	-
Directors' remuneration :				
Directors of the Company				
- fees	97	127	97	127
- other emoluments	868	983	868	500
- contributions to Employees' Provident Fund	87	33	87	17
Other Directors				
- other emoluments	879	1,079	-	-
- contributions to Employees' Provident Fund	104	126	-	-
Past Directors				
- fees	57	-	57	-
- other emoluments	90	40	-	40
- contributions to Employees' Provident Fund	11	-	-	-
Inventories written down	433	-	-	-
Impairment loss on amount due from a subsidiary	-	-	-	2,431
Impairment loss on plant and equipment	-	1,291	-	-
Plant and equipment written off	180	-	-	-
Loss on foreign exchange, net				
- realised	1,188	1,106	-	-

20. Profit/(Loss) before tax (continued)

Profit/(Loss) before tax is arrived at (continued) :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loss on disposal of plant and equipment	362	-	-	-
Rental of equipment	25	10	-	-
Rental of premises	147	123	-	-
Provision for warranties (Note 16)	133	667	-	-
and after crediting :				
Dividend income from :				
- quoted shares	4	1	4	1
Gain on foreign exchange, net -unrealised	2,493	3,567	46	-
Gain on disposal of property, plant and equipment	1,877	174	1,521	-
Gain on disposal of investment properties	3,233	-	-	-
Interest income	688	55	442	71
Rental income from investment properties	135	79	-	-
Gain on disposal of other investments	-	15,389	-	15,389

21. Employee benefits

21.1 Staff costs

Staff costs (excluding Directors' remuneration) are as follows :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages, salaries and others	35,254	28,286	-	140

Included in staff costs of the Group and of the Company are RM2,786,449 (2015 : RM1,551,635) and RM Nil (2015 : RM13,632) respectively representing contributions to Employees' Provident Fund.

21.2 Key management personnel compensation

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors' fees	154	127	154	127
Short-term employee benefits	1,982	2,520	868	540
Contributions to Employees' Provident Fund	218	215	87	17
	<u>2,354</u>	<u>2,862</u>	<u>1,109</u>	<u>684</u>

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include the Directors and certain members of senior management of the Group and of the Company.

22. Tax expense/(income)

Recognised in profit or loss

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense				
<i>Malaysian</i>				
- current year	900	858	-	-
- prior year	111	(67)	-	-
Total current tax recognised in profit or loss	1,011	791	-	-
Deferred tax expense/(income)				
Origination/(Reversal) of temporary differences	3,183	(3,326)	-	-
Prior year	-	(191)	-	-
Total deferred tax recognised in profit or loss	3,183	(3,517)	-	-
Total tax expense/(income)	4,194	(2,726)	-	-

Reconciliation of tax expense/(income)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit/(Loss) for the year	17,030	26,355	(2,466)	11,325
Total income tax expense/(income)	4,194	(2,726)	-	-
Profit/(Loss) excluding tax	21,224	23,629	(2,466)	11,325
Income tax calculated using Malaysian tax rate at 24% (2015 : 25%)	5,093	5,907	(617)	2,831
Effect of lower tax rate in foreign jurisdiction	-	(200)	-	-
Capital gain not subject to tax	(304)	-	(304)	-
Effect of tax incentives	(2,000)	(2,827)	-	-
Non-deductible expenses	2,549	1,264	875	1,017
Non-taxable income	(13)	(3,847)	(12)	(3,847)
Tax exempt income	-	(22)	-	-
Reversal of deferred tax assets recognised	-	-	58	-

22. Tax expense/(income) (continued)

Reconciliation of tax expense/(income) (continued)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Recognition of previously unrecognised deferred tax assets	(18)	(2,798)	-	-
Effect of changes in tax rate	-	75	-	-
Others	(1,227)	(20)	-	(1)
Under/(Over) provision of taxation in prior years	111	(258)	-	-
Current tax losses not recognised	3	-	-	-
	<u>4,194</u>	<u>(2,726)</u>	<u>-</u>	<u>-</u>

A foreign subsidiary of the Company was granted promotional privileges under the Investment Promotion Act, B.E.2520 for a period of eight years from the date the income is first derived and a fifty percent reduction in the normal income tax rate on the net profit derived from promoted business for a period of five years for the manufacturing of printed circuit boards.

A local subsidiary of the Company has been granted pioneer status for research, design and development for electrical, electronic, telecommunication, car navigator, wireless technology base, microcontroller unit (MCU) base and Light Emitted Diode (LED) base products and provision of relevant implementation, technical service and maintenance which exempts its statutory income derived from these activities from taxation for a period of 5 years beginning on 31 August 2014.

23. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the year ended 30 June 2016 was based on the profit attributable to ordinary shareholders of RM17,030,928 (2015 : RM26,479,663) and on the weighted average number of ordinary shares outstanding during the year of 161,126,170 (2015 : 74,821,063).

Diluted earnings per ordinary share

The fully diluted earnings per share has been computed based on adjusted profit attributable to ordinary shareholders of RM17,030,928 (2015 : RM26,479,663) divided by the adjusted weighted average number of ordinary shares, assuming the full exercise of warrants in issue during the year into potential ordinary shares of 218,746,866 (2015 : Nil).

	2016 '000	2015 '000
Issued ordinary shares at 1 July	76,833	74,911
Effect of :		
- warrants exercised	-	(124)
- treasury shares held	-	34
- treasury shares repurchased	(6)	-
- rights issue with warrants	73,249	-
- private placement	11,050	-
Weighted average number of ordinary shares	<u>161,126</u>	<u>74,821</u>
Adjustment for assumed full exercise of warrants	57,620	N/A
Adjusted weighted average number of ordinary shares	<u>218,747</u>	N/A

24. Warrants

As at the end of the financial year, the Company has the following outstanding warrants:

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding	
			30.6.2016	30.6.2015
Warrants 2015/2020	RM0.50	3.11.2020	57,620,696	-

Warrants 2015/2020 were issued on 4 November 2015 in conjunction with the issuance of 115,241,392 rights shares of RM0.50 each together with 57,620,696 free warrants. The warrants entitle the holders to subscribe for new ordinary shares in the Company on the basis of one (1) warrant for every two (2) rights shares subscribed. The warrant held at an exercise price of RM0.50 per ordinary share within 5 years from the date of the issue of the warrants.

25. Related parties

25.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

The Group has related party relationship with its significant investor, subsidiaries as disclosed in Note 5 to the financial statements and companies in which certain Directors have a substantial financial interest namely, Jubilee Manufacturing Sdn Bhd, WE Components Pte. Ltd., Singyasin Holdings Pte. Ltd. and Jupax Capital Sdn. Bhd..

Related parties also include key management personnel defined as those persons being having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

25.2 Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions other than key management personnel compensation as disclosed in the Note 21.2 to the financial statements, are as follows :

	2016 RM'000	2015 RM'000
(a) Transactions with companies in which certain Directors have a substantial financial interest		
Group		
Disposal of land	-	4,500
Deposit paid for acquisition of a company	-	1,272
Purchase of raw materials	808	-
Purchase of toolings	188	-
Shares issued pursuant to exercise of warrants	-	2,100

25. Related parties (continued)

25.2 Significant related party transactions (continued)

	2016 RM'000	2015 RM'000
(a) Transactions with companies in which certain Directors have a substantial financial interest (continued)		
Company		
Deposit paid for acquisition of a company	-	1,272
Shares issued pursuant to exercise of warrants	-	2,100
	<u>-</u>	<u>2,100</u>
(b) Transaction with a subsidiary		
Company		
Advances given	(3,485)	-
Advances received	-	318
Management fee received	1,197	-
	<u>1,197</u>	<u>-</u>

The non-trade balances with related parties outstanding at the end of the reporting period are disclosed in Note 10 and Note 14 to the financial statements. All the outstanding balances are expected to be settled in cash or capitalised as paid-up share capital.

26. Contingent liabilities, unsecured - Company

The Company issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries amounting to RM229,334,922 (2015 : 221,198,828) of which, RM194,571,338 (2015 : RM195,833,789) were utilised at the end of the reporting period.

The Company has also undertaken to provide continuing financial support to enable certain subsidiaries to meet their financial obligations as and when they fall due.

27. Financial instruments

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R");
- (b) Available-for-sale financial assets ("AFS"); and
- (c) Financial liabilities measured at amortised cost ("FL").

27. Financial instruments (continued)

27.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R RM'000	AFS RM'000
Financial assets			
2016			
Group			
Other investments	5,024	-	5,024
Trade and other receivables (exclude prepayments and non-refundable deposits)	241,225	241,225	-
Fixed deposits with licensed banks	9,812	9,812	-
Cash and bank balances	39,334	39,334	-
	<u>295,395</u>	<u>290,371</u>	<u>5,024</u>
Company			
Other investments	5,024	-	5,024
Trade and other receivables (exclude prepayments and non-refundable deposits)	71,504	71,504	-
Fixed deposits with licensed banks	6,603	6,603	-
Cash and bank balances	705	705	-
	<u>83,836</u>	<u>78,812</u>	<u>5,024</u>
Financial assets			
2015			
Group (Restated)			
Other investments	5,524	-	5,524
Trade and other receivables (exclude prepayments and non-refundable deposits)	147,827	147,827	-
Fixed deposits with licensed banks	8,557	8,557	-
Cash and bank balances	40,914	40,914	-
	<u>202,822</u>	<u>197,298</u>	<u>5,524</u>

27. Financial instruments (continued)

27.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R RM'000	AFS RM'000
Financial assets (continued)			
2015			
Company			
Other investments	5,524	-	5,524
Trade and other receivables (exclude prepayments and non-refundable deposits)	38,183	38,183	-
Fixed deposits with licensed banks	6,403	6,403	-
Cash and bank balances	201	201	-
	<u>50,311</u>	<u>44,787</u>	<u>5,524</u>
		Carrying amount RM'000	FL RM'000
Financial liabilities			
2016			
Group			
Loans and borrowings		210,040	210,040
Trade and other payables		170,950	170,950
		<u>380,990</u>	<u>380,990</u>
Company			
Trade and other payables		<u>10,908</u>	<u>10,908</u>
2015			
Group (Restated)			
Loans and borrowings		215,567	215,567
Trade and other payables		111,769	111,769
		<u>327,336</u>	<u>327,336</u>
Company			
Trade and other payables		<u>49,558</u>	<u>49,558</u>

27. Financial instruments (continued)

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net gains/(losses) on :				
Available-for-sale financial assets				
- reclassified from equity to profit or loss	-	(13,208)	-	(13,208)
- recognised in other comprehensive income/(expense)	(499)	(1,422)	(499)	(1,422)
- recognised in profit or loss	-	15,389	-	15,389
Loans and receivables	708	125	442	(2,360)
Financial liabilities measured at amortised cost	(10,216)	(9,203)	-	-
	<u>(10,007)</u>	<u>(8,319)</u>	<u>(57)</u>	<u>(1,601)</u>

27.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

27.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment in debt securities. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

Group	2016 RM RM'000	2015 RM RM'000 (Restated)
Domestic	129,213	83,451
Asia Pacific (other than Malaysia)	83,793	58,035
Others	10,052	2,911
	223,058	144,397

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was :

Group	Gross RM'000	Collective impairment RM'000	Individual impairment RM'000	Net RM'000
2016				
Not past due	75,292	-	-	75,292
Past due 1 - 30 days	62,742	-	-	62,742
Past due 31 - 60 days	81,898	-	-	81,898
Past due 61 - 90 days	1,560	-	-	1,560
Past due more than 90 days	1,566	-	-	1,566
	223,058	-	-	223,058

27. Financial instruments (continued)

27.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

Group	Gross RM'000	Collective impairment RM'000	Individual impairment RM'000	Net RM'000
2015 (Restated)				
Not past due 1-30 days	106,136	-	-	106,136
Past due 1 - 30 days	27,595	-	-	27,595
Past due 31 - 60 days	10,589	-	-	10,589
Past due 61 - 90 days	4	-	-	4
Past due more than 90 days	73	-	-	73
	144,397	-	-	144,397

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than to 6 (2015 : 4) customers who collectively contributed 95% (2015 : 96%) of the Group's trade receivables at 30 June.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have good credit rating.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group invested in overseas and domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

The investments and other financial assets are unsecured.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM194,571,338 (2015 : RM195,833,789) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances are not considered overdue and are repayable on demand.

27.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

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

The Directors are of the opinion that the Group's banking facilities will continue to be available from its lenders and that the Group will be able to generate sufficient cash flows from operations to meet its liabilities as and when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

27. Financial instruments (continued)

27.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2016 Group	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<i>Non-derivative financial liabilities</i>							
Bank overdrafts	1,982	7.50	1,982	1,982	-	-	-
Bankers' acceptances	172,292	2.25 - 7.85	172,292	172,292	-	-	-
Trust receipts	12,912	3.72 - 3.82	12,912	12,912	-	-	-
Term loans	11,665	5.25 - 8.60	17,329	10,596	2,958	2,800	975
Finance lease liabilities	11,189	2.84 - 8.02	11,549	4,658	4,253	2,604	34
Trade and other payables	170,950	-	170,950	170,950	-	-	-
	<u>380,990</u>		<u>387,014</u>	<u>373,390</u>	<u>7,211</u>	<u>5,404</u>	<u>1,009</u>
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	10,908	-	10,908	10,908	-	-	-
Financial guarantees	-	-	229,335	229,335	-	-	-
	<u>10,908</u>		<u>240,243</u>	<u>240,243</u>	<u>-</u>	<u>-</u>	<u>-</u>

27. Financial instruments (continued)

27.5 Liquidity risk (continued)

Maturity analysis (continued)

2015 (Restated) Group	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<i>Non-derivative financial liabilities</i>							
Bank overdrafts	76	7.50	76	76	-	-	-
Bankers' acceptances	164,864	1.25 - 7.85	164,864	164,864	-	-	-
Trust receipts	7,561	3.72 - 3.82	7,561	7,561	-	-	-
Term loans	17,469	5.25 - 8.60	18,052	4,539	3,830	6,208	3,475
Finance lease liabilities	14,214	2.45 - 4.00	15,759	5,129	4,282	6,338	10
Trade financing	11,383	3.72 - 7.60	11,383	11,383	-	-	-
Trade and other payables	111,769	-	111,769	111,769	-	-	-
	<u>327,336</u>		<u>329,464</u>	<u>305,321</u>	<u>8,112</u>	<u>12,546</u>	<u>3,485</u>
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	49,558	-	49,558	49,558	-	-	-
Financial guarantees	-	-	221,199	221,199	-	-	-
	<u>49,558</u>		<u>270,757</u>	<u>270,757</u>	<u>-</u>	<u>-</u>	<u>-</u>

27. Financial instruments (continued)

27.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

27.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents and borrowings that are denominated in a currency other than the respective functional currency of the Group entities. The currency giving rise to this risk is primarily the United States Dollar ("USD").

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in USD RM'000
Group	
2016	
Trade and other receivables	221,662
Trade and other payables	(160,236)
Cash and bank balances	25,041
Fixed deposits with licensed banks	2,298
Loans and borrowings	(102,158)
Net exposure	<u>(13,393)</u>
2015	
Trade and other receivables	131,171
Trade and other payables	(100,560)
Cash and bank balances	17,287
Fixed deposits with licensed banks	6,421
Loans and borrowings	(83,916)
Net exposure	<u>(29,597)</u>

27. Financial instruments (continued)

27.6 Market risk (continued)

27.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 5% (2015 : 5%) strengthening of the RM against the USD at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss increase RM'000	Profit or loss decrease RM'000
Group		
2016		
USD	<u>(670)</u>	<u>670</u>
2015		
USD	<u>(885)</u>	<u>885</u>

A 5% (2015 : 5%) weakening of the RM against the USD at the end of the reporting period would have had equal but opposite effect on the above-currency to the amounts shown above, on the basis that all other variables remained constant.

27.6.2 Interest rate risk

The Group's investments in fixed rate debt securities and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

27. Financial instruments (continued)

27.6 Market risk (continued)

27.6.2 Interest rate risk (continued)

Risk management objectives, policies and processes for managing the risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risks that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-earning financial assets are mainly short term in nature and are mostly placed in fixed deposits.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Fixed rate instruments				
Financial assets	9,812	8,557	6,603	6,403
Financial liabilities	(196,393)	(198,022)	-	-
	<u>(186,581)</u>	<u>(189,465)</u>	<u>6,603</u>	<u>6,403</u>
Floating rate instruments				
Financial liabilities	<u>(13,647)</u>	<u>(17,545)</u>	<u>-</u>	<u>-</u>

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

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

27. Financial instruments (continued)

27.6 Market risk (continued)

27.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (“bp”) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
Group		
2016		
Floating rate instruments	(104)	104
2015		
Floating rate instruments	(119)	119

27.6.3 Other price risk

Equity price risk arises from the Group’s investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Company.

Equity price risk sensitivity analysis

The management is of the view that the results of the Group is not sensitive towards changes in equity price risk as there are no equity investments being designated as fair value through profit or loss. Changes in equity price risk for equity investments designated as available-for-sale are not significant to the total equity of the Group.

27. Financial instruments (continued)

27.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables, payables and short-term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

27. Financial instruments (continued)

27.7 Fair value informations (continued)

2016 Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Financial asset								
Quoted shares	5,024	-	-	-	-	-	5,024	5,024
Financial liabilities								
Term loans – variable rate	-	-	-	-	-	(11,665)	(11,665)	(11,665)
Finance lease liabilities	-	-	-	-	-	(11,549)	(11,549)	(11,189)
Company								
Financial asset								
Quoted shares	5,024	-	-	-	-	-	5,024	5,024
						(23,214)	(23,214)	(22,854)

27. Financial instruments (continued)

27.7 Fair value informations (continued)

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2015 (Restated)								
Group								
Financial asset								
Quoted shares	5,524	-	-	5,524	-	-	5,524	5,524
Financial liabilities								
Term loans – variable rate	-	-	-	-	-	(17,469)	(17,469)	(17,469)
Finance lease liabilities	-	-	-	-	-	(15,046)	(15,046)	(14,214)
	-	-	-	-	-	(32,515)	(32,515)	(31,683)
Company								
Financial asset								
Quoted shares	5,524	-	-	5,524	-	-	5,524	5,524

The Company provides financial guarantees to banks for credit facilities granted to certain subsidiaries. The fair value of such guarantees is negligible as the probability of the subsidiaries defaulting on the credit lines is remote.

27. Financial instruments (continued)

27.7 Fair value informations (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Transfers between fair value levels

There has been no transfer between the fair value levels during the financial year. (2015 : no transfer in either direction).

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial liabilities.

Non-derivative financial liabilities

Fair value which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The carrying amount of floating rate term loans approximate fair value as their effective interest rate changes accordingly to movements in the market interest rate. For fixed rates borrowing, the market rate of interest is determined by reference to similar borrowing arrangements as follows :

	2016	2015
	%	%
Finance lease liabilities	<u>3.50</u>	<u>3.48</u>

28. Operating segment

The Group has 1 segment, as described below, which is the Group's strategic business unit. The strategic business unit offers different products and services, and is managed separately because they requires different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on at least a quarterly basis. The following summary describes the operation of the Group's reportable segment:

- Provision of electronic manufacturing services ("EMS") and Original Equipment Manufacturer (OEM)/Original Design Manufacturer (ODM) for electronic and electrical products.

Other non-reportable segment comprises operations related to investment holding and research and development.

Performance is measured based on segment profit/(loss) before tax as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group Chief Executive Officer. Hence, no disclosure is made on segment liabilities.

28. Operating segment (continued)

2016	EMS and OEM/ODM for electronic and electrical products RM'000	Other non- reportable segment RM'000	Consolidated total RM'000
External revenue	712,243	446	712,689
Inter-segment revenue	-	-	-
Total revenue	712,243	446	712,689
Segment profit/(loss)	23,684	(2,460)	21,224
<i>Included in the measure of segment profit/(loss) are :</i>			
Gain on disposal of investment properties	3,233	-	3,233
Gain on disposal of property, plant and equipment	354	1,523	1,877
Property, plant and equipment written off	180	-	180
Depreciation of property, plant and equipment	24,645	66	24,711
Amortisation of intangible assets	295	-	295
Depreciation of investment properties	97	18	115
Finance costs	10,157	59	10,216
Segment assets	591,368	26,372	617,740
<i>Included in the measure of segment assets are :</i>			
Additions to property, plant and equipment	32,463	509	32,972

28. Operating segment (continued)

2015	EMS and OEM/ODM for electronic and electrical products RM'000	Solid wood parquet flooring RM'000	Total for reportable segments RM'000	Other non-reportable segment RM'000	Consolidated total RM'000
External revenue	635,940	-	635,940	135	636,075
Inter-segment revenue	-	-	-	-	-
Total revenue	635,940	-	635,940	135	636,075
Segment profit/(loss)	11,521	(1,310)	10,211	13,418	23,629
<i>Included in the measure of segment profit/(loss) are :</i>					
Gain on disposal of other investments	-	-	-	15,389	15,389
Impairment loss on plant and equipment	-	1,291	1,291	-	1,291
Depreciation of property, plant and equipment	24,958	-	24,958	61	25,019
Amortisation of intangible assets	67	-	68	-	68
Depreciation of investment properties	-	-	-	97	97
Finance costs	9,188	-	9,188	15	9,203
Segment assets	412,189	71	412,260	29,668	441,928
<i>Included in the measure of segment assets are :</i>					
Additions to property, plant and equipment	20,508	-	20,508	513	21,021

28. Operating segment (continued)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Malaysia RM'000	Singapore RM'000	Europe RM'000	Thailand RM'000	Others RM'000	Consolidated RM'000
2016						
Revenue from external customers	229,338	164,855	53,671	196,506	68,319	712,689
Non-current assets	111,205	-	-	54,145	-	165,350
2015						
Revenue from external customers	321,113	108,853	21,878	184,199	32	636,075
Non-current assets (Restated)	100,077	-	-	60,263	-	160,340

28. Operating segment (continued)

Major customers

The following are major customers with revenue equal or more than 10% of Group revenue:

	Revenue		Segment
	2016 RM'000	2015 RM'000	
Customer A	195,177	303,542	EMS and OEM/ODM for electronic and electrical products
Customer B	195,586	181,189	
Customer C	164,854	122,784	

29. Capital commitments - Group

	2016 RM'000	2015 RM'000
Contracted but not provided for		
- Acquisition of subsidiary	-	11,444
- Buildings	3,388	-
- Plant and equipment	4,132	324

30. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Directors are of the opinion that the Group's banking facilities will continue to be available from its lenders and that the Group and the Company will be able to generate sufficient cash flows from operations to meet their liabilities as and when they fall due.

31. Significant event

Disposal of investment property and property, plant and equipment

On 9 December 2015, the Group disposed of the unexpired leases relating six (6) parcels of industrial land measuring approximately 62,809 square metres in the aggregate held by the Company and a wholly-owned subsidiary, SMT Technologies Sdn Bhd for a total disposal consideration of RM8,500,000.

32. Restatement of comparative

The Board has noted and determined that there was a misstatement in foreign exchange rate used for translation to consolidate the statement of financial position of the wholly-owned subsidiary, SMT Industries Co., Ltd in prior year resulting in the understatement of the assets and liabilities of the Group as at 30 June 2015.

As such, the Group's assets and liabilities as at 30 June 2015 have been restated to comply with MFRS 121, *The Effects of Changes in Foreign Exchange Rates*.

	2015	
	As previously reported RM'000	As Restated RM'000
<i>Consolidated statement of financial position</i>		
Property, plant and equipment	133,047	144,818
Intangible assets	2,602	2,710
Deferred tax assets	2,119	2,125
Inventories	82,591	91,818
Trade and other receivables	155,562	162,653
Deposits with licensed bank	8,554	8,557
Cash and bank balances	39,118	40,914
Trade and other payables	(105,981)	(111,769)
Loan and borrowings	(205,762)	(215,567)
Reserves	(52,952)	(67,330)

	2015	
	As previously reported RM'000	As Restated RM'000
<i>Consolidated statement of cash flows</i>		
Effect of exchange rate fluctuations on cash held	622	2,404
Cash and bank balances	39,118	40,914
Bank overdrafts	(62)	(76)
Cash and cash equivalents	39,056	40,838

The above restatement does not have any impact on the earnings for ordinary shares of the Group.

33. Supplementary information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings/(accumulated losses) of the Group and of the Company as at 30 June, into realised and unrealised, pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings/ (accumulated losses) of the Company and its subsidiaries :				
- realised	76,983	48,960	(2,062)	(9,692)
- unrealised	(3,680)	(1,233)	-	-
	<u>73,303</u>	<u>47,727</u>	<u>(2,062)</u>	<u>(9,692)</u>
Add : Consolidation adjustments	469	(1,083)	-	-
Total retained earnings/ (accumulated losses)	<u><u>73,772</u></u>	<u><u>46,644</u></u>	<u><u>(2,062)</u></u>	<u><u>(9,692)</u></u>

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profit or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

EG Industries Berhad

(Company No. 222897 - W)

(Incorporated in Malaysia)

and its subsidiaries

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

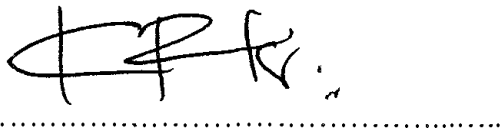
In the opinion of the Directors, the financial statements set out on pages 9 to 102 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 33 on page 103 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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



Terence Tea Yeok Kian



Kang Pang Kiang

Penang,

Date : 27 October 2016

EG Industries Berhad

(Company No. 222897 - W)

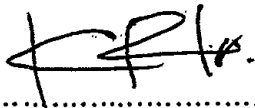
(Incorporated in Malaysia)

and its subsidiaries

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

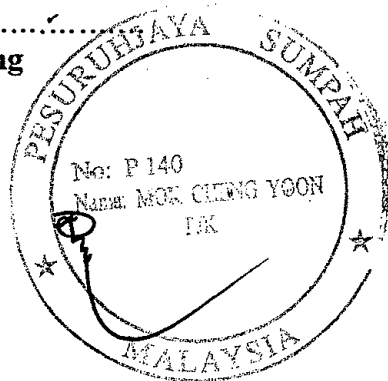
I, **Kang Pang Kiang**, the Director primarily responsible for the financial management of EG Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 9 to 103 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named at Georgetown in the State of Penang on 27 October 2016.



.....
Kang Pang Kiang

Before me :



27, Jalan Zainal Abidin
10400 Georgetown, Penang

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EG INDUSTRIES BERHAD

(Company No.: 222897-W)

(Incorporated in Malaysia)

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhy-kl@uhy-my.com
Web www.uhy.com.my

Report on the Financial Statements

We have audited the financial statements of EG Industries Berhad, which comprise the statements of financial position as at 30 June 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 102.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
EG INDUSTRIES BERHAD (CONT'D)**

(Company No.:222897-W)
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of the subsidiary companies of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out on in Note 33 on page 103 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

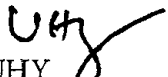
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
EG INDUSTRIES BERHAD (CONT'D)**

(Company No.:222897-W)
(Incorporated in Malaysia)


Other Matters

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

The financial statements of the preceding year were audited by another firm of auditors whose report dated 27 October 2015, expressed an unqualified opinion on those statements.



UHY
Firm Number: AF1411
Chartered Accountants



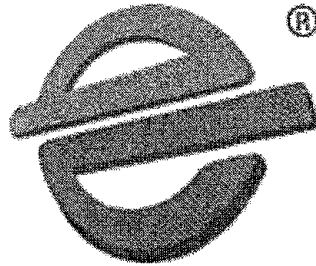
YEHO AIK CHUAN
Approved Number: 2239/07/18(J)
Chartered Accountant

PENANG

27 October 2016

**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FYE 30 JUNE
2017**

(Prepared for inclusion in this Abridged Prospectus)



EG INDUSTRIES BERHAD

(222897-W)

(Incorporated in Malaysia)

**Interim Financial Statements
For The Financial Period Ended**

30 June 2017


CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
		3 months ended		12 months ended	
		30.06.2017	30.06.2016	30.06.2017	30.06.2016
		RM'000	RM'000	RM'000	RM'000
Revenue		262,577	160,363	1,008,122	712,689
Operating profit		12,045	13,810	62,423	55,873
Interest income		320	376	581	688
Interest expense		(2,161)	(2,203)	(10,717)	(10,216)
Depreciation & amortisation		(7,161)	(6,307)	(27,516)	(25,121)
Profit before tax		3,043	5,676	24,771	21,224
Tax expense	B5	(91)	(3,194)	(1,791)	(4,194)
Profit for the period		2,952	2,482	22,980	17,030
Other comprehensive income for the period					
Foreign currency translation difference for foreign operations		(8,145)	(14,971)	2,965	(499)
Fair value of available-for-sale financial assets		(135)	1,274	2,931	1,483
		(8,280)	(13,697)	5,896	984
Total other comprehensive income for the period		(5,328)	11,215	28,876	18,014
Profit attributable to:					
Owners of the Company		2,952	2,483	22,980	17,032
Non-controlling Interest		-	(1)	-	(2)
Profit for the period		2,952	2,482	22,980	17,030
Total comprehensive income attributable to:					
Owners of the Company		(5,328)	(11,214)	28,876	18,016
Non-controlling Interest		-	(1)	-	(2)
Total comprehensive income for the period		(5,328)	(11,215)	28,876	18,014
Basic earnings per ordinary share (sen)	B13	1.40	1.54	10.88	10.57
Diluted earnings per ordinary share (sen)	B13	1.10	1.14	8.55	7.79

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited Financial Statements as at 30 June 2016. The accompanying notes are an integral part of this statement.

EG INDUSTRIES BERHAD (222897-W)

NAME: ANG SENG WONG *Authorised Signature*

POSITION: SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR


**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	Note	Unaudited as at 30.06.2017 RM'000	Audited as at 30.06.2016 RM'000
Assets			
Property, plant and equipment		184,886	151,216
Investment property		3,197	1,405
Other investments		7,954	5,024
Intangible asset		21,174	12,729
Total non-current assets		217,211	170,374
Inventories		132,431	124,359
Trade and other receivables		306,955	273,258
Current tax assets		740	603
Fixed deposits with licensed banks		15,481	9,812
Cash and bank balances		17,975	39,334
Total current assets		473,582	447,366
Total assets		690,793	617,740
Equity			
Share capital		105,782	105,782
Reserves		158,525	129,658
Total equity attributable to shareholders of the Company		264,307	235,440
Non-controlling interests		(762)	(762)
Total equity		263,545	234,678
Liabilities			
Provision for retirement benefit		235	215
Borrowings	B9	17,368	15,162
Deferred tax liabilities		1,053	1,057
Total non-current liabilities		18,656	16,434
Trade and other payables		209,331	170,950
Borrowings	B9	198,437	194,878
Provisions		801	800
Current tax liabilities		23	-
Total current liabilities		408,592	366,628
Total liabilities		427,248	383,062
Total equity and liabilities		690,793	617,740
Net assets per ordinary share (RM)		1.25	1.11

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 30 June 2016. The accompanying notes are an integral part of this Statement of Financial Position.



Interim Financial Statements for the Financial Period Ended 30 June 2017

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

	Non-distributable			Distributable			Total equity RM'000					
	Share capital RM'000	Warrant reserve RM'000	Fair value RM'000	Translation reserve RM'000	Share premium RM'000	Treasury shares RM'000		Capital reserve RM'000	Other reserve RM'000	Retained profit RM'000	Total RM'000	Minority Interest RM'000
At 1 July 2015 (Restated)	77,117	-	(1,373)	7,009	15,170	(120)	-	-	46,644	144,447	(760)	143,687
Foreign currency translation differences for foreign operations	-	-	-	1,483	-	-	-	-	-	1,483	-	1,483
Fair value of available-for-sale financial assets	-	-	(499)	-	-	-	-	-	-	(499)	-	(499)
Total other comprehensive income for the period	-	-	(499)	1,483	-	-	-	-	-	984	-	984
Profit/ (loss) for the period	-	-	-	-	-	-	-	-	17,032	17,032	(2)	17,030
Total comprehensive income/(expense) for the year	-	-	(499)	1,483	-	-	-	-	17,032	18,016	(2)	18,014
Par Value Reduction	(38,558)	-	-	-	-	-	28,462	-	10,096	-	-	-
Treasury shares acquired	-	-	-	-	-	(8)	-	-	-	(8)	-	(8)
Issue of ordinary shares pursuant to Rights Issue with Warrants	57,620	-	-	-	-	-	-	-	-	57,620	-	57,620
Issue of ordinary shares pursuant to Private Placement	9,603	-	-	-	5,762	-	-	-	-	15,365	-	15,365
Total transactions with owners of the Company	28,665	-	-	-	5,762	(8)	28,462	-	10,096	72,977	-	72,977
At 30 June 2016 (Restated)	105,782	-	(1,872)	8,492	20,932	(128)	28,462	-	73,772	235,440	(762)	234,678
At 1 July 2016	105,782	22,268	(1,872)	8,492	20,932	(128)	28,462	(22,268)	73,772	235,440	(762)	234,678
Foreign currency translation differences for foreign operations	-	-	-	2,965	-	-	-	-	-	2,965	-	2,965
Fair value of available-for-sale financial assets	-	-	2,931	-	-	-	-	-	-	2,931	-	2,931
Total other comprehensive income for the period	-	-	2,931	2,965	-	-	-	-	-	5,896	-	5,896
Profit for the period	-	-	-	-	-	-	-	-	22,980	22,980	-	22,980
Total comprehensive income for the period	-	-	2,931	2,965	-	-	-	-	22,980	28,876	-	28,876
Treasury shares acquired	-	-	-	-	-	(9)	-	-	-	(9)	-	(9)
Total transactions with owners of the Company	-	-	-	-	-	(9)	-	-	-	(9)	-	(9)
At 30 June 2017	105,782	22,268	1,059	11,457	20,932	(137)	28,462	(22,268)	96,752	264,307	(762)	263,545

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements as at 30 June 2016. The accompanying notes are integral part of this statement.


**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

	Unaudited 30.06.2017 RM'000	Audited 30.06.2016 RM'000
Cash flow from operating activities		
Profit before tax	24,771	21,224
Adjustments for:		
Amortisation of intangible assets	521	295
Depreciation of investment property	34	115
Depreciation of property, plant and equipment	26,961	24,711
Dividend income	(2)	(4)
Interest expenses	10,717	10,216
Interest income	(581)	(688)
Gain on disposal of property, plant and equipment	(284)	(1,877)
Gain on disposal of investment properties	-	(3,233)
Loss on disposal of plant and equipment	-	362
Inventories written down	-	433
Plant and equipment written off	-	180
Provision of retirement benefit	-	57
Provision of warranties	1	133
Operating profit before working capital changes	62,138	51,924
Increase in inventories	(8,072)	(31,754)
Increase in trade and other receivables	(23,277)	(110,447)
Decrease in trade and other payables	36,094	58,809
Cash generated from / (used in) operations	66,883	(31,468)
Dividend received	2	4
Income taxes paid	(1,904)	(1,678)
Net cash generated from / (used in) operating activities	64,981	(33,142)
Cash flow from investing activities		
Acquisition of intangible assets	(8,966)	-
Acquisition of investment property	(1,826)	(168)
Acquisition of property, plant and equipment	(60,347)	(28,840)
Acquisition of treasury shares	(9)	(8)
Interest income	581	688
Proceeds from disposal of property, plant & equipment	-	3,297
Proceeds from disposal of investment property	-	5,800
Net cash used in investing activities	(70,567)	(19,231)
Cash flows from financing activities		
Issue of shares	-	72,985
Interest paid	(10,717)	(10,216)
Net drawdown of bank borrowing	3,123	332
Repayment of finance lease liabilities	446	(7,162)
Repayment of term loans	(792)	(6,837)
Proceed from term loans	-	803
Placement of pledged deposits	(5,670)	(1,255)
Net cash (used in) / generated from financing activities	(13,610)	48,650
Net decrease in cash and cash equivalents	(19,196)	(3,723)
Cash and cash equivalents at beginning of the period	37,352	40,838
Effect of exchange rates on cash and cash equivalents	(181)	237
Cash and cash equivalents at end of the period	17,975	37,352

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017 (CONTINUED)****Cash and cash equivalents comprise the following :**

Cash and bank balances	17,975	39,334
Bank overdrafts	-	(1,982)
	<u>17,975</u>	<u>37,352</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements as at 30 June 2016. The accompanying notes are an integral part of this statement.



NOTES TO THE INTERIM FINANCIAL STATEMENTS

A. MFRS 134 – Interim Financial Reporting

A1. Basis of Preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Rule 9.22 and Appendix 9B of the Listing Requirements.

These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2016. These explanatory notes, attached to the condensed consolidated interim financial statements, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2016. The audited financial statements of the Group as at and for the year ended 30 June 2016 were prepared under Malaysian Financial Reporting Standards (MFRSs).

A2. Significant Accounting policies

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 30 June 2016 except for the adoption of the following new and revised MFRSs:

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

- Amendments to MFRS 107, *Statement of Cash Flows - Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*

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

- Amendments to MFRS 2, *Classification and Measurement of Share-based Payment Transaction*
- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

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

A3. Audit Report

The auditors’ report of the Group’s financial statements for the year ended 30 June 2016 was not subject to any qualification.

**A4. Seasonal or Cyclical Factors**

The business operations of the Group are subject to seasonal or cyclical factors that are common in the industry in which the Group operates in.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no exceptional items that occurred during the current financial quarter under review which affect the assets, liabilities, equity, net income or cash flows of the Group except for those disclosed in Note B14.

A6. Material changes in Estimates

There was no material changes in estimates used in the preparation of the financial statements in the current financial quarter as compared to the preceding corresponding financial quarter.

A7. Issuance of Equity or Debt Securities

As at 30 June 2017, the number of outstanding ordinary shares of RM0.50 each in issue is 211,563,992. The Company held 304,000 of its shares as at 30 June 2017. The number of outstanding ordinary shares of RM0.50 each in issue after the set-off is 211,259,992.

Other than the above, there were no issuance and repayment of equity and debts securities, share cancellations and resale of treasury shares during the current financial quarter.

A8. Dividend Paid

No dividend has been paid for the current financial quarter ended 30 June 2017.

A9. Segmental Reporting

The segment analysis for the Group's results for the current financial quarter ended 30 June 2017 as follows:

Current Year-to-date Segment for the Group	Turnover RM'000	Profit before tax RM'000	Total Assets RM'000
Electronic Manufacturing Services	1,008,034	24,532	649,274
Others	88	239	41,519
Total	1,008,122	24,771	690,793

A10. Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment during the current financial quarter ended 30 June 2017.



A11. Material Subsequent Events

Resale of treasury shares as follows:-

- (i) On 16 August 2017, the Company has disposed 30,000 treasury shares in the open market for a net consideration of RM23,222.70.
- (ii) On 17 August 2017, the Company has disposed 114,400 treasury shares in the open market for a net consideration RM87,857.33.
- (iii) On 18 August 2017, the Company has disposed 139,600 treasury shares in the open market for a net consideration RM105,866.88.
- (iv) On 21 August 2017, the Company has subsequently disposed 20,000 treasury shares in the open market for a net consideration RM15,479.82.

After the above disposals, the Company has no longer held any treasury shares.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial quarter and financial period to date.

A13. Changes in Contingent Liabilities or Contingent Assets

There were no material changes in contingent liabilities or contingent assets as at the end of the current financial quarter.

A14. Capital Commitments

As at 30 June 2017, the Group has no material capital commitment in respect of property, plant and equipment.



B. ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS

BI. Review of Performance

Comparison between the current quarter ("Q4 2017") and the preceding correspondence quarter ("Q4 2016")

The Group recorded revenue of RM262.6 million for the current quarter ended 30 June 2017, an increase of 63.7% as compared to RM160.4 million recorded in the previous year corresponding quarter. The increase in revenue was mainly driven by higher customer's demand for data storage products.

However, Group's profit before tax for the current quarter was RM3.04 million, a decrease of 46.4% as compared to RM5.68 million recorded in the previous year corresponding quarter as there was one-off disposal gain of investment properties of RM3.2 million recorded in previous corresponding quarter.

Comparison between the current financial year-to-date and the preceding correspondence financial year-to-date

In the financial year-to-date under review, the Group's revenue increased by 41.5% to RM1,008.1 million compared to the last year corresponding period of RM712.7 million. The increase in revenue was mainly driven by several new box build projects launched during the year and higher customer's demand for existing data storage and consumer electronic products.

The Group's profit before tax in the current financial year-to-date increased to RM24.77 million from RM21.22 million which was mainly due to higher sales generated, offset by the one-off gain from the disposal of investment properties of RM3.2 million in last financial year, increased in labour cost due to revision of minimum wage rate and net foreign exchange loss incurred in current financial year.

B2. Variation of Results against Preceding Quarter

Description	4 th Quarter 2017 RM'000	3 rd Quarter 2017 RM'000	Increase/ (Decrease)	
			RM'000	%
Revenue	262,577	253,138	9,439	3.7%
Profit before tax	3,043	5,972	(2,929)	-49.0%

Revenue for the current quarter was approximately RM262.6 million, increased by RM9.4 million or 3.7% as compared to the immediate preceding quarter. The increase in revenue was mainly driven by higher customer's demand for data storage products. Despite the increased in sales, Group's profit before tax decreased by RM2.9 million or 49.0% during the quarter under review. The decrease was mainly due to lower margin generated from data storage products during the seasonal low sales cycle for box build products.

B3. Prospect

Moving into financial year 2017, the Group expects to face increasing challenges due to the prevailing economic uncertainties resulting in greater degree of volatility in the overall customer orders.

In light of these challenges, the Group will continue its focus on moving up the value-chain by offering one-stop electronic manufacturing services (EMS) solutions including design and development services to strengthen its position as a one-stop vertically-integrated EMS provider.

**B3. Prospect (continued)**

During the last financial year 2016, the Group has invested approximately RM30 million in capital expenditure to enhance the plant capacity and capabilities. Moving forward, the Group intends to embark on its next growth phase as a vertically-integrated EMS provider by further strengthening its product mix to have more revenue contribution from the box-build segment and at the same time widen its overall revenue base aimed at achieve greater economies of scale and improve efficiency of its capital resources to enhance its competitive edge.

In addition, the Group is committed to enhance its operational and cost efficiencies by taking prudent measures to achieve satisfactory results.

Barring any unforeseen circumstances and adverse external economic factors, the Board of Directors is of the view that the Group's financial performance for the financial year ending 30 June 2017 will remain positive.

B4. Variance on Forecast Profit / Shortfall in Profit Guarantee

The Group did not issue any profit forecast / profit guarantee for the current financial quarter.

B5. Tax Expense

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense	91	11	1,791	1,011
Deferred tax expense	-	3,183	-	3,183
Tax expense	91	3,194	1,791	4,194

The effective tax rate of the Group for the current quarter and year to date is lower than the statutory income tax rate mainly due to the availability of reinvestment allowance by a subsidiary and a foreign subsidiary was granted promotional privileges under the Investment Promotional Act B.E. 2520 for a period of 8 years.

B6. Profit/ (Loss) on Sale of Unquoted Investment and /or Property

There was no sale of unquoted investments or properties during the current financial period under review.

B7. Purchase or Disposal of Quoted Securities Other Than Securities in Existing Subsidiaries and Associated Company

During the current financial period ended 30 June 2017, there was no purchase or disposal of quoted securities.

**B8. Status of Uncompleted Corporate Announcement****(a) Proposed Listing of SMT Industries Co., Ltd (“SMTI”)**

On 25 March 2016, an announcement was made by M&A Securities Sdn. Bhd. that the Company proposes to undertake the listing of SMTI, a wholly owned subsidiary of EGIB on the Market for Alternative Investment (“Mai Market”) of the Stock Exchange of Thailand (“Proposed Listing”). The Company will engage several advisers to undertake the Proposed Listing and announcement will be made upon finalization of appointment at a later date.

The Proposed Listing is still in progress.

(b) Right Issue

On 15 February 2017, an announcement was made by M&A Securities Sdn. Bhd. that the Company proposes to undertake the following proposals:

- (i) a renounceable rights issue of up to 67,296,172 Redeemable Convertible Preference Shares (“RCPS”) at an indicative issue price of RM0.95 per RCPS on the basis of 1 RCPS for every 4 existing EGIB Shares held on the Entitlement Date;
- (ii) a bonus issue of up to 67,296,172 Bonus Shares on the basis of 1 Bonus Share for every RCPS subscribed under the Proposed Rights Issue; and
- (iii) proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the issuance of RCPS

(“Collectively referred to as the “proposals”)

Save as disclosed above, there were no other corporate proposals announced but not completed during the quarter under review.

B9. Group Borrowings and Debt Securities

Total Group borrowings as at 30 June 2017 are as follows:

	As at 30.06.2017 RM'000	As at 30.03.2017 RM'000
(a) Secured:		
Term Loan	11,251	12,228
Trade Financing	182,815	192,913
Trust Receipt	10,092	19,369
Hire Purchase Payable	11,647	9,196
	215,805	233,706
(b) Current	198,437	214,476
Non-current	17,368	19,230
	215,805	233,706
(c) Denominated in Malaysia Ringgit	76,860	89,196
Denominated in US Dollar	72,683	120,909
Denominated in Thai Baht	66,262	23,601
	215,805	233,706

**B10. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at date of this report.

B11. Changes in Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the Board does not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

B12. Dividend

No dividend has been recommended or declared for current quarter and current financial period under review.

B13. Earnings Per Ordinary Share

The basic earnings per share for the current financial quarter and financial period have been calculated by dividing the net profit attributable to owners of the Company for the financial quarter and financial period by weighted average number of ordinary shares in issue during the financial quarter and financial period.

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Net profit attributable to owners of the Company (RM'000)	2,952	2,483	22,980	17,032
Weighted average number of ordinary shares outstanding ('000)	211,264	161,126	211,264	161,126
Basic earnings per ordinary share (sen)	1.40	1.54	10.88	10.57

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Net profit attributable to owners of the Company (RM'000)	2,952	2,483	22,980	17,032
Weighted average number of ordinary shares outstanding ('000)	211,264	161,126	211,264	161,126
Adjusted for:				
Full exercise of warrants ('000)	57,621	57,621	57,621	57,621
Adjusted weighted average number of ordinary shares ('000)	268,885	218,747	268,885	218,747
Diluted earnings per ordinary share (sen)	1.10	1.14	8.55	7.79

**B14. Notes to the Statement of Profit or Loss and Other Comprehensive Income**

Profit before tax is stated after charging / (crediting):

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortization	7,161	6,307	27,516	25,121
Interest expense	2,161	2,203	10,717	10,216
Interest income	(320)	(376)	(581)	(688)
Net foreign exchange loss/(gain)	2,882	(343)	5,221	(1,305)
Loss/(gain) on disposal of property, plant and equipment	13	(1,885)	(284)	(1,515)
Gain on disposal of investment properties	-	(3,233)	-	(3,233)
Inventories written down	-	433	-	433
Plant and equipment written off	-	180	-	180
Provision of retirement benefit	-	57	-	57
Provision of warranties	1	133	1	133

B15. Realised or Unrealised Profits of the Group

The following analysis of realised and unrealised profit of the Group is prepared in accordance with Guidance on Special Matter No. 1. Determination of Realised and Unrealised Profits in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad's Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Cumulative Quarter Ended	
	30.06.2017	30.06.2016
	RM'000	RM'000
Total retained earnings of the Group		
- Realised	96,845	76,983
- Unrealised	(1,018)	(3,680)
	95,827	73,303
Less: Consolidation adjustments	925	469
Total retained earnings	96,752	73,772

The disclosure of realised and unrealised retained earnings above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purposes.

**B16. Utilisation of Proceeds raised from Rights Issue and Private Placement**

- (i) On 11 November 2015, the Company has completed the renounceable Rights Issue of 115,241,392 new ordinary shares of RM0.50 each in EG Industries Berhad ("EG") (Rights Shares) together with 57,620,696 free detachable warrants (Warrants) on the basis of three (3) Rights Shares for every two (2) existing ordinary shares of RM0.50 each held on 12 October 2015 together with one (1) Warrant for every two (2) Rights Shares subscribed at an issue price of RM0.50 per Rights Share ("Rights Issue with Warrants").

The details and status of the utilisation of proceeds of RM57.62 million from the Rights Issue with Warrants are as follows:

Details	Proposed	Actual	Intended Timeframe of Utilisation (from 11 Nov 2015)
	Utilisation	Utilisation	
	RM'000	30.06.17 RM'000	
Repayment of bank borrowings	2,960	2,960	Within 6 months
Purchase and upgrade of machinery	16,000	16,000	Within 24 months
Expansion and upgrade of factory	20,000	16,063	Within 12 months
Purchase of inventory such as electronic component, printed circuit board and plastic resin	5,000	5,000	Within 12 months
Acquisition of new businesses or assets	8,000	-	Within 24 months
Working capital	3,660	3,660	Within 12 months
Expenses relating to the Proposals	2,000	2,000	Immediately
	57,620	45,683	

BY ORDER OF THE BOARD
EG INDUSTRIES BERHAD (222897-W)

ANG SENG WONG
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

29 AUGUST 2017

DIRECTORS' REPORT

(Prepared for inclusion in this Abridged Prospectus)



EG INDUSTRIES BERHAD

Co. REG No.: 222897-W Co. GST No.: 001513775104

Plot 102, Jalan 4, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah, Malaysia.
o: +604 422 9881 f: +604 422 9885 w: www.eg.com.my

Date: 11 SEP 2017

Registered Office:

Suite 18.01, 18th Floor
MWE Plaza, No 8 Lebuh Farquhar
10200 Penang

To: The Entitled Shareholders of EG Industries Berhad

Dear Sir/Madam,

On behalf of the Board of Directors ("Board") of EG Industries Berhad (the "Company"), I wish to report that, after due inquiries in relation to the Company and its subsidiaries ("Group") during the period between 30 June 2016 (being the date on which the latest audited consolidated financial statements have been made up), and the date hereof (being a date not earlier than 14 days before the issue of this Abridged Prospectus), that:

- (a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;
- (b) there have not, in the opinion of the Board, arisen, since the last audited consolidated financial statements of the Group, any circumstance which has adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities which have arisen by reason of any guarantee or indemnity given by any company within the Group;
- (e) there have not been, since the last audited consolidated financial statements of the Group, any default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings; and
- (f) there have not been, since the last audited consolidated financial statements of the Group, any material changes in the published reserves or any unusual factors affecting the profits of the Group.

Yours faithfully,
For and on behalf of the Board
EG Industries Berhad

Kang Pang Kiang
Group Chief Executive Officer

ADDITIONAL INFORMATION**1. SHARE CAPITAL**

- (i) Save for the RCPS and the new EGIB Shares to be issued pursuant to the conversion of the RCPS and the exercise of the Additional Warrants-C, no securities shall be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of the issuance of this Abridged Prospectus.
- (ii) As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only 1 class of shares in our Company, namely ordinary shares, all of which rank equally with one another.
- (iii) All the RCPS and the new EGIB Shares to be issued pursuant to the conversion of the RCPS and the exercise of the Additional Warrants-C shall, upon allotment and issuance, rank equally in all respects with the then existing issued ordinary share capital, save and except that such new EGIB Shares will not be entitled to any dividend, rights, allotment and/or other distribution, the entitlement date of which is prior to the date of allotment of such EGIB Shares.
- (iv) As at the date of this Abridged Prospectus, save as disclosed below, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries as of the date of this Abridged Prospectus.
 - (a) our Entitled Shareholders and/or their renouncee(s) and/or transferee(s), if applicable, who shall be provisionally allotted the RCPS and Bonus Shares to be issued pursuant to the Corporate Exercises;
 - (b) the directors and employees of our Group who are eligible to participate in the employees' share grant scheme ("ESGS") with an exercise period from 27 November 2015 to 26 November 2020 for a duration of 5 years.

As at the date of this Abridged Prospectus, no EGIB Shares have been issued under the ESGS. The maximum number of ESGS EGIB Shares which may be made available under the ESGS shall not at any point in time in aggregate exceed 15% of the issued share capital of the Company from time to time during the duration of the ESGS; and

- (c) the holders of the existing Warrants-C who had been issued with Warrants-C constituted by the Deed Poll with an exercise period from 29 September 2015 to 28 September 2020 for a duration of 5 years.

As at the LPD, there are 57,620,696 Warrants-C outstanding which are exercisable into 57,620,696 new EGIB Shares at the exercise price of RM0.50. Up to 11,343,172 additional Warrants-C at the same exercise price will be issued pursuant to the Rights Adjustments, which are exercisable into up to 11,343,172 new EGIB Shares.
- (v) Save for the Bonus Shares, none of our securities have been issued or agreed to be issued otherwise than in cash, within the 2 years immediately preceding the date of this Abridged Prospectus.

2. ARTICLES OF ASSOCIATION

The provisions in our Articles of Association in relation to the remuneration of our Directors are as follows:

Article 106

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office Provided Always That:

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to executive Directors may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 107

- (1) The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the company in the course of the performance of their duties as Directors.
- (2) If by arrangement with the Directors, any Directors shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the company as a member of a committee of Directors, the Director may pay him special remuneration, in addition to his Director's fees and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

3. MATERIAL CONTRACTS

Save for the Underwriting Agreement and the contracts disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past 2 years preceding the date of this Abridged Prospectus:

- (i) Conditional Sale and Purchase Agreement dated 9 December 2015 entered into between the Company and Schaefer Kalk (Malaysia) Sdn Bhd ("SKM") for the disposal of the unexpired leases of the vacant land held under H.S.(D) 3766, 3767, 3769, 3774, PT Nos. 5334, 5335, 5337 and 5342, Bandar Kuala Ketil, Daerah Baling, Negeri Kedah for a cash consideration of RM2,700,000 (excluding GST).

The said disposal was completed on 21 June 2016;

- (ii) Conditional Sale and Purchase Agreement dated 9 December 2015 entered into between SMT Technologies Sdn Bhd, a wholly owned subsidiary of the Company and SKM for the disposal of the unexpired leases of the land held under H.S.(D) 3768, 3775, PT Nos. 5336 and 5343, Bandar Kuala Ketil, Daerah Baling, Negeri Kedah for a cash consideration of RM5,800,000 (excluding GST) .

The said disposal was completed 30 June 2016;

- (iii) Sale and Purchase Agreement dated 17 March 2016 entered into between Emerald Capital Development Sdn Bhd (formerly known as Sun Setia (M) Sdn Bhd) as the developer and EG R&D Sdn Bhd, a wholly owned subsidiary of EGIB as the Purchaser and Suiwah Holding (Bayan Baru) Sdn Bhd as the proprietor for the purchase of property held under Pajakan Negeri No. Hakmilik 2436/M1/11/50, Parcel No. 50, Storey No. 11, Lot No. 11419, Mukim 12, Daerah Barat Daya, Pulau Pinang bearing postal address at No. 1-10-1, Suntech @ Penang Cybercity, Lintang Mayang Pasir 3, 11950 Bayan Baru, Pulau Pinang for RM1,350,000.

The said purchase was completed on 16 November 2016;

- (iv) Sale and Purchase Agreement dated 17 March 2016 entered into between Emerald Capital Development Sdn Bhd (formerly known as Sun Setia (M) Sdn Bhd) as the developer and EG R&D Sdn Bhd, a wholly owned subsidiary of EGIB as the Purchaser and Suiwah Holding (Bayan Baru) Sdn Bhd as the proprietor for the purchase of property held under Pajakan Negeri No. Hakmilik 2436/M1/11/49, Parcel No. 49, Storey No. 11, Lot No. 11419, Mukim 12, Daerah Barat Daya, Pulau Pinang bearing postal address at No. 1-10-2, Suntech @ Penang Cybercity, Lintang Mayang Pasir 3, 11950 Bayan Baru, Pulau Pinang for RM750,000.

The said purchase was completed on 16 November 2016; and

- (v) Sale and Purchase Agreement dated 17 March 2016 entered into between Emerald Capital Development Sdn Bhd (formerly known as Sun Setia (M) Sdn Bhd) as the developer and EG R&D Sdn Bhd, a wholly owned subsidiary of EGIB as the Purchaser and Suiwah Holding (Bayan Baru) Sdn Bhd as the proprietor for the purchase of property held under Pajakan Negeri No. Hakmilik 2436/M1/11/51, Parcel No. 51, Storey No. 11, Lot No. 11419, Mukim 12, Daerah Barat Daya, Pulau Pinang bearing postal address at No. 1-10-7, Suntech @ Penang Cybercity, Lintang Mayang Pasir 3, 11950 Bayan Baru, Pulau Pinang for RM1,700,000.00.

The said purchase was completed on 16 November 2016.

4. MATERIAL LITIGATION

Our Board confirms that neither our Company nor any of our subsidiaries is engaged in any material litigation, claims or arbitration as at the LPD, either as plaintiff or defendant, and our Board is not aware and does not has any knowledge of any proceedings pending or threatened against our Group or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

5. GENERAL

- (i) The nature of our business is set out in Section 1, Appendix III of this Abridged Prospectus. Save as disclosed in Section 5, Appendix III of this Abridged Prospectus,

there are no corporations that are related to our Company by virtue of Section 6 of the Act as at the date of this Abridged Prospectus.

- (ii) The total estimated expenses of or in connection with the Corporate Exercises including professional fees, fees payable to the relevant authorities, registration and other incidental expenses of approximately RM2.10 million will be borne by our Company.
- (iii) None of our Directors have any existing or proposed service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within 1 year of the date of this Abridged Prospectus.
- (iv) Save as disclosed in this Abridged Prospectus, our Directors are not aware of any material information including trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.
- (v) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:
 - (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;
 - (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact on our Group's revenue or operating income; and
 - (e) substantial increase in revenue.

6. WRITTEN CONSENTS

The written consents of the Principal Adviser, Company Secretary, Principal Banker, Share Registrar, Independent Market Researcher, Joint Underwriters and the Solicitors for the Rights Issue to the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given before issuance of this Abridged Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors/Reporting Accountants to the inclusion in this Abridged Prospectus of their names and letters relating to the audited consolidated financial statements of our Group for the FYE 30 June 2016 and the pro forma consolidated statement of financial position of our Group as at 30 June 2016 respectively, in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are made available for inspection at our Registered Office at Suite 18.01, 18th Floor, MWE Plaza, No. 8 Lebuhr Farquhar, 10200 Penang during normal business hours from Monday to Friday (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:

- (i) Our Constitution;
- (ii) Our audited consolidated financial statements for the FYEs 30 June 2014 to 2016;
- (iii) Our unaudited consolidated financial statements for the FYE 30 June 2017;
- (iv) The pro forma consolidated statement of financial position of the our Group as at 30 June 2016 together with the Reporting Accountants' letter thereon as set out in Appendix IV of this Abridged Prospectus;
- (v) The Directors' Report as set out in Appendix VII of this Abridged Prospectus;
- (vi) The consent letters referred to in Section 6 of this Appendix;
- (vii) The letters in relation to the Undertakings referred to in Section 2.1.6.2 of this Abridged Prospectus;
- (viii) The material contracts referred to in Section 3 of this Appendix; and
- (ix) The IMR Report.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

M&A Securities, being the Principal Adviser for the Corporate Exercises, 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 these Corporate Exercises.

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