

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL****8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS****8.1.1 Promoters' and Substantial Shareholders' Shareholdings**

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:-

Name	Country of incorporation / Nationality	Before IPO <sup>(1)</sup>			After IPO <sup>(2)</sup>		
		Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
<b>Promoters and substantial shareholders</b>							
Victech	Malaysia	121,362,342	-	47.5	(3)100,000,000	-	31.3
Flamingo	Malaysia	121,362,342	-	47.5	(3)100,000,000	-	31.3
Datuk Ir. Kunasingam A/L V. Sittampalam	Malaysian	-	(4)121,362,342	-	-	100,000,000	31.3
Vanessa A/P Santhakumar	Malaysian	-	(5)121,362,342	-	-	100,000,000	31.3

**Notes:-**

- (1) Based on the issued and paid-up share capital of 255,264,810 Shares after the Acquisitions of Subsidiaries and the transfer of the 10 subscriber shares in HEB to each Victech and Flamingo before the Public Issue.
- (2) Based on the enlarged issued and paid-up share capital of 319,081,010 Shares after our IPO.
- (3) After the Offer for Sale and Special RSP.
- (4) Deemed interest by virtue of his substantial shareholdings in Victech.
- (5) Deemed interest by virtue of her substantial shareholdings in Flamingo.

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)****8.1.2 Profiles of Promoters and Substantial Shareholders**

The profiles of our Promoters and substantial shareholders are as follows:-

**(a) Victech**

Victech was incorporated in Malaysia on 30 March 2015 under the Act as a private limited company under its present name. Victech is principally an investment holding company.

As at the LPD, the authorised share capital of Victech is RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 100 shares have been issued and are fully paid-up.

As at the LPD, the Directors and shareholders of Victech are as follows:-

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Datuk Ir. Kunasingam A/L V. Sittampalam	Malaysian	99	99.0	-	-
Datin Vasanthi A/P K Ramachandran	Malaysian	1	1.0	-	-

Datin Vasanthi A/P K Ramachandran is the spouse of Datuk Ir. Kunasingam A/L V. Sittampalam.

**(b) Flamingo**

Flamingo was incorporated in Malaysia on 20 March 2015 under the Act as a private limited company under its present name. Flamingo is principally an investment holding company.

As at the LPD, the authorised share capital of Flamingo is RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 100 shares have been issued and are fully paid-up.

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

As at the LPD, the Directors and shareholders of Flamingo are as follows:-

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Vanessa A/P Santhakumar	Malaysian	99	99.0	-	-
Vikrama Kumar A/L Kumaravale	Malaysian	1	1.0	-	-

**(c) Datuk Ir. Kunasingam A/L V. Sittampalam**

Datuk Ir. Kunasingam A/L V. Sittampalam, a Promoter and substantial shareholder, is also our Executive Director. His profile is disclosed in Section 8.2.2 of this Prospectus.

**(d) Vanessa A/P Santhakumar**

Vanessa A/P Santhakumar, a Malaysian aged 25, is our substantial shareholder. She is the daughter of our co-founder, the late Datuk Ir. Santhakumar A/L C. Sivasubramaniam. She graduated from Oxford Brookes University with a Bachelor's degree in Medical Science. She then furthered her studies and obtained a Masters of Public Health from University of Warwick in 2014 and currently pursuing a Masters of Science in International Health Policy at the London School of Economics and Political Science.

During the course of her studies, she served an internship with PricewaterhouseCoopers from December 2013 to January 2014 and with Boston Consulting Group from December 2014 to April 2015. She also served as a Research Consultant in Asian-Pacific Resource & Research Center for Women from July 2015 to September 2015.

[ The rest of this page is intentionally left blank ]

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)****8.1.3 Changes in the Promoters' and Shareholders' Shareholdings**

The changes in our Promoters and shareholders' respective shareholdings since our Company's incorporation on 23 January 2015 are as follows:-

Promoters/Substantial Shareholders	As at incorporation			(1) After the Acquisitions of Subsidiaries						
	Direct		Indirect	Direct		Indirect		As at LPD		
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	%	No. of Shares	%	
Ir. Mathew Phillip A/L V. C Phillip	1	50.0	-	-	-	-	-	-	-	-
Ir. Vimalanathan A/L Perumal	1	50.0	-	-	-	-	-	-	-	-
Victech	-	-	121,362,342	47.5	-	121,362,342	47.5	-	121,362,342	47.5
Flamingo	-	-	121,362,342	47.5	-	121,362,342	47.5	-	121,362,342	47.5
Datuk Ir. Kunasingam A/L V. Sittampalam	-	-	-	-	-	(2)121,362,342	47.5	-	121,362,342	47.5
Vanessa A/P Santhakumar	-	-	-	-	-	(3)121,362,342	47.5	-	121,362,342	47.5
Dato' Ir. Nitchiananthan A/L Balasubramaniam	-	-	2,786,695	1.1	-	-	-	2,786,695	1.1	-
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	-	-	1,393,346	0.6	-	-	-	1,393,346	0.6	-
Ganesh Balasubramanian	-	-	5,573,390	2.2	-	-	-	5,573,390	2.2	-
Jagannathan Ragunathan	-	-	2,786,695	1.1	-	-	-	2,786,695	1.1	-

**Notes:-**

- (1) Including the transfer of the 10 subscriber shares in HEB to each Victech and Flamingo before the Public Issue.
- (2) Deemed interest by virtue of his substantial shareholdings in Victech.
- (3) Deemed interest by virtue of her substantial shareholdings in Flamingo.

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)****8.1.4 Persons Exercising Control over the Corporation**

Save for our Promoters, namely Vittech, Flamingo, and Datuk Ir. Kunasingam A/L V. Sittampalam, we are not aware of any other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

**8.2 DIRECTORS****8.2.1 Directors' Shareholdings**

The shareholdings of our Directors in our Company before and after our IPO assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:-

Name	Designation/ Nationality	Before IPO <sup>(1)</sup>			After IPO <sup>(2)</sup>		
		Direct No. of Shares	Indirect No. of Shares	%	Direct (4) No. of Shares	Indirect No. of Shares	%
Dato' Mohd Zakhir Siddiqy Bin Sidek	Independent Non- Executive Chairman/ Malaysian	-	-	-	500,000	-	0.2
Datuk Ir. Kunasingam A/L V. Sittampalam	Executive Director / Malaysian	-	(5)121,362,342	47.5	-	(3)100,000,000	31.3
Dato' Ir. Nitchiananthan A/L Balasubramaniam	Chief Executive Officer / Malaysian	2,786,695	-	1.1	8,500,000	-	2.7
Dato' Ir. Khairudin Bin Sidek	Executive Director / Malaysian	-	-	-	500,000	-	0.2
Mohan A/L Ramalingam	Independent Non- Executive Director/ Malaysian	-	-	-	200,000	-	0.1

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

Name	Designation/ Nationality	Before IPO <sup>(1)</sup>			After IPO <sup>(2)</sup>		
		Direct No. of Shares	%	Indirect No. of Shares	Direct (4) No. of Shares	%	Indirect No. of Shares
Foo Lee Khean	Independent Non- Executive Director/ Malaysian	-	-	-	200,000	0.1	-
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	Alternate Director to Dato' Ir. Nitchiananthan A/L Balasubramaniam/ Malaysian	1,393,346	0.5	-	4,000,000	1.2	-

**Notes:-**

- (1) Based on the issued and paid-up share capital of 255,264,810 Shares after the Acquisitions of Subsidiaries before the Public Issue.
- (2) Based on the enlarged issued and paid-up share capital of 319,081,010 Shares after our IPO.
- (3) After the Offer for Sale and Special RSP.
- (4) Assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations and Special RSP.
- (5) Deemed interest by virtue of his substantial shareholdings in Virtech.

---

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

---

**8.2.2 Profiles of Directors**

The profiles of our Directors are as follows:-

**Dato' Mohd Zakhir Siddiqy Bin Sidek**, a Malaysian, aged 49, is our Independent Non-Executive Chairman. He was appointed to our Board on 17 April 2015.

He graduated from King's College, University of London, UK with a Bachelor of Law in 1989. He was admitted as an associate to The Institute of Chartered Accountants in England and Wales (ICAEW) in 1993 and is a member of the Malaysian Institute of Accountants ("MIA").

Dato' Zakhir Sidek has accumulated over twenty seven (27) years of working experience and has been involved in various industries. He started his career in 1989 with KPMG Peat Marwick in London working in audit, tax and corporate advisory, and was attached to the firm until 1993. Between 1994 to 1995, he acted as the Vice President for Turnaround Managers Inc (M) Sdn Bhd, Kuala Lumpur where he was responsible for corporate advisory and restructuring.

Between 1995 to 1999, he has held senior positions in various public and private companies. Among the public companies, he acted as Managing Director in Renong Berhad, Non-Executive Director in United Engineers (M) Berhad, Director in Crest Petroleum Berhad, Director in Southern Steel Berhad, Executive Vice Chairman in Park May Berhad and Director in KLOFFE Berhad. During that time, he also held directorship in various private limited companies including Cyberview Sdn Bhd, Prolink Sdn Bhd, PUTRA Sdn Bhd, Marak Unggul Sdn Bhd, Renong Solutions Sdn Bhd and Teras Teknologi Sdn Bhd. In the year 2000, he ventured out to start United Flagship Sdn Bhd where he is a director and shareholder to the present day. United Flagship Sdn Bhd is an investment company with subsidiaries in property development, construction, manufacturing, agriculture and information technology. Dato' Zakhir is no longer shareholder nor director of the companies listed above, save for United Flagship Sdn Bhd.

**Datuk Ir. Kunasingam A/L V. Sittampalam**, a Malaysian, aged 63, is our founding member and currently our Executive Director. He was appointed to our Board on 17 April 2015.

He graduated from the University of Sheffield, UK in 1977 with a Bachelor of Engineering and proceeded to obtain his Masters in Engineering at the same university in 1979. He is a Fellow with the Institution of Engineers, Malaysia ("IEM"), a Professional Engineer with the Board of Engineers, Malaysia ("BEM"), a member of the Association of Consulting Engineers, Malaysia ("ACEM"), Chartered Institution of Highway and Transportation UK ("CIHT") and Institution of Engineers, Australia.

Datuk Ir. Kunasingam has accumulated over thirty seven (37) years of experience within the engineering and project management services market. He started his career in 1980 as a Civil Engineer in C.H. Teoh & Partners, and was attached to the company up to 1981. He co-founded HSS Consult Partnership in 1984 which was thereafter incorporated into HSS Consult Sdn Bhd in 1985. HSS Consult Sdn Bhd was principally involved in the provision of engineering design and project management services, but has since been struck off. During his tenure in HSS Consult Sdn Bhd, he was mainly involved in the design and project implementation of various infrastructure and construction projects. In 1988, he co-founded HSSI, an engineering consultancy company registered under the REA, and in 2001, he co-founded HSSE, our principal subsidiary.

---

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

---

**Dato' Ir. Nitchiananthan A/L Balasubramaniam**, a Malaysian aged 53, is currently the Executive Director / Chief Executive Officer of the Group. He was appointed to our Board on 17 April 2015.

He graduated with a Bachelor of Engineering in Civil Engineering from the Indian Institute of Technology of Roorkee, India in 1987. He proceeded to obtain his Masters in Engineering majoring in Highway / Transportation from the University of New South Wales, Australia in 1989.

He became a Corporate Member of the IEM in July 1994 and a Fellow in January 2009. Since February 2005, he is also a Principal Interviewer for Corporate Membership applicants to IEM. He obtained his Professional Engineer from the BEM in November 1994. He has served BEM as an Editorial Board Member during the period 2003 to 2007 and is on the Scale of Fees Committee from November 2013 to date.

Dato' Ir. Nitchiananthan is also a Fellow of CIHT. He has served the CIHT Malaysia Branch as a Committee Member (1999 to 2003), Honorary Treasurer (2003 to 2009) and Honorary Secretary (2009 to date). He is also a Council Member of the Road Engineering Association of Malaysia.

Dato' Ir. Nitchiananthan has accumulated over thirty (30) years' experience in the engineering and project management consultancy industry. He started his career with Minconsult Sdn Bhd ("Minconsult") as an Assistant Engineer in 1987 on the Sabah Rural Trunk Road project. He left Minconsult in 1988 to pursue a Master's degree and re-joined Minconsult as a Highway Engineer in February 1989.

He joined HSSI in October 1989 as a Highway Engineer and was promoted to the rank of an Associate in 1994 and held the position of Head of Highways. In 1996, he was promoted to Associate Director in HSSI in charge of all highway and railway / transit projects. In 2001, he was transferred from HSSI to HSSE as Chief Operating Officer. He was involved in formulating and negotiating the first Government to Government (Malaysia – India) highway toll concession in the State of Andhra Pradesh, India involving a consortium of Malaysian companies. His role as a member of the consortium was the negotiation of terms with the Government of India in relation to the Vijayawada to Nandigama highway and Tada to Nellore highway.

He was promoted to his current position as Chief Executive Officer in 2011 and Ir. Sharifah Azlina Bt Raja Kamal Pasmah took over as Chief Operating Officer. Apart from overall responsibility for the Group's performance, he is still actively involved in key projects of the Group.

On 22 September 2015, he was appointed to the Board of HSSE, our principal subsidiary as well as HSSI.

**[ The rest of this page is intentionally left blank ]**



---

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

---

**Dato' Ir. Khairudin Bin Sidek**, a Malaysian, aged 65, is our Executive Director. He was appointed to our Board on 17 April 2015. He graduated from the Brighton Polytechnic, UK with a degree in mechanical engineering in 1974. He is a member of the IEM, and a Professional Engineer with the BEM, and a Steam Engineer Grade II. He is also a member of the ACEM.

Dato' Ir. Khairudin has accumulated over forty three (43) years' experience in the field of mechanical and electrical engineering. He started his career in 1974 as a Pupil Engineer in Lembaga Letrik Negara (now known as Tenaga Nasional Berhad), Port Dickson and was subsequently promoted to Shift Engineer in 1978. He left Lembaga Letrik Negara in 1980. Between 1980 to 1987, he joined Jurutera Konsultant (SEA) Sdn Bhd as a director and shareholder with the title of Mechanical Engineering Partner where he was registered with the Board of Engineers as a consultant for mechanical and electrical and civil and structural engineering projects. Between 1988 to 1990, he was attached with Hyco Worldwide (M) Sdn Bhd, which is principally involved in the oil-water emulsion technology for application in combustion of fuel used in power generation as its Managing Director. In 1991, he became the Regional Manager in South East Asia for Wahlco Environmental Systems Incorporated, and was attached to the company up to 1993. In 1991, he also became the principal partner for Perunding IMS, which provides mechanical and electrical consultancy services. He left Perunding IMS to join HSSME in 2011. In addition, he also holds directorships in several private limited companies.

**Mohan A/L Ramalingam**, a Malaysian, aged 67, is our Independent Non-Executive Director. He was appointed to our Board on 17 April 2015.

He graduated from Leicester Polytechnic, UK with a degree in mechanical engineering in 1972 and started his career as an Engineer in Monsanto Electronics Sdn Bhd in 1973 where he rose to become Manufacturing Manager and was responsible for four (4) production departments. In 1978, he joined P A Consulting Services Sdn Bhd, an international management consulting firm and was responsible for the operation and supervision of a range of consultancy assignments. During his five (5) years there, he enrolled in Harvard University, USA and graduated with a Master of Business Administration degree in 1983. From 1984 to 1988, he acted as Managing Director for Mewah Holdings Sdn Bhd, an investment holding company and was responsible for troubleshooting poor performing divisions while evaluating new investment opportunities. During that time, he was involved in the restructuring of Pagor Ruyong Group, turning it from a loss making company that lost USD200,000 in 1984 to a profitable company registering profits of USD2.0 million in 1988.

In 1989, he joined MRY Associates Sdn Bhd ("MRY"), an investment holding company as a Managing Director and has held that position ever since. He is responsible for the research and development activities as well as identifying market trends and niches to be developed. MRY's investee companies include JobStreet.com Bhd, BFM Radio and Agrinos A.S. He acted as an Independent Director in Oriental Capital Assurance from 2010 to 2012. He also holds directorship in a number of private limited companies.

**Foo Lee Khean**, a Malaysian, aged 53, is our Independent Non-Executive Director. He was appointed to our Board on 17 April 2015.

He completed his professional examinations from the Chartered Institute of Management Accountants, UK in 1987. He is a Fellow Member of the MIA and the Chartered Institute of Management Accountants, UK. He commenced his career with Coopers & Lybrand Malaysia in 1987 in the Restructuring and Recovery Department before leaving as a Senior Associate in 1989 to join Price Waterhouse, Singapore, in a similar department. He left Price Waterhouse in 1990 to join Arthur Andersen, Singapore in the Corporate Recovery Services Department before assuming his career in Arthur Andersen, Malaysia in 1992 in the Corporate Recovery

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

and Corporate Finance Division. He was the Director – Corporate Finance of Ernst & Young in 2002 following the merger of Arthur Andersen with Ernst & Young in the same year before leaving in 2005 and has since been a Capital Markets Services Representative License holder and a director of Strategic Capital Advisory Sdn Bhd, which is licensed by the SC under the CMSA to undertake investment advisory and corporate finance. Presently he is also an Independent Non-Executive Director of Systech Bhd (listed on the ACE Market), Kumpulan Jetson Berhad, SMIS Corporation Berhad and SYF Resources Berhad all 3 of which are listed on the Main Market of Bursa Securities.

**Ir. Sharifah Azlina Bt Raja Kamal Pasmah**, a Malaysian, aged 49, is an alternate director to Dato' Ir. Nitchiananthan A/L Balasubramaniam. She is also our Chief Operating Officer.

She graduated with a Bachelor of Science in Civil Engineering from the Christian Brothers University, Memphis, USA in 1990 and subsequently, completed her Master of Business Administration at Cardiff Metropolitan University, UK in 2012. She is a Fellow with the IEM, Principal Interviewer for IEM's professional applicants and Vice Chairman of the Women Engineers Section (terms 2013 – 2014) with the IEM, a Professional Engineer with the BEM, an Associate Member of the Association of Consulting Engineers Malaysia, member of the Intelligent Transport System of Malaysia and a member of Project Management Institute (Malaysian Chapter).

Ir. Sharifah Azlina has over twenty seven (27) years of experience within the engineering and project management services market, particularly in road and highway designs. She started her career in 1990 with the Memphis City Council in USA as an undergraduate trainee where she was involved in the redesign of an existing road intersection in the city of Memphis. Upon her return to Malaysia in the same year, she joined Dolomite Properties Sdn Bhd for a short stint before joining Minconsult as a Graduate Engineer. She left Minconsult in 1991 to join HSSI as an Engineer and rose through the ranks to become Chief Engineer (Highway) in 2002. She was transferred from HSSI to HSSE in 2002 as Chief Engineer (Highway), and again rose through the ranks to become our Chief Operating Officer in 2011, a position she has held ever since. She has carried out the role of Project Manager in various road / highway projects for over eighteen (18) years, and has taken up the role of Project Director for various notable projects.

**[ The rest of this page is intentionally left blank ]**

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)****8.2.3 Principal Business Performed Outside our Group**

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past five (5) years up to the LPD:-

**Dato' Mohd Zakhir Siddiqy Bin Sidek**

<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Explanation for Investment Holding</b>	<b>Involvement other than as a Director</b>
<i>Present involvement</i>			
Superb Preference Sdn Bhd	Dormant	Intended to be used for property investment holding. Never commenced operation. There are currently no future plans for it.	-
Arena Biofuels Sdn Bhd	Dormant	General contractor	-
Sensa Land Sdn Bhd	Dormant	Real estate	Shareholder with 50% equity interest
Flagship Services Sdn Bhd	Marine related services	-	Shareholder with 50% equity interest
Rembang Sepakat Sdn Bhd	Property investment holding	-	Shareholder with 50% equity interest
Gelombang Global Sdn Bhd	Dormant	Wholesale trading	Shareholder with 50% equity interest
Supreme Hectares Sdn Bhd	Dormant	Intended to be used for property investment holding. Never commenced operation. There are currently no future plans for it.	Shareholder with 50% equity interest
Sovereign Fortune Sdn Bhd	Dormant	Real estate	Shareholder with 50% equity interest
Peninsular Grand Development Sdn Bhd	Investment holding	Holds 100% shares in various companies involved in property investment holding.	-
Nataire Sdn Bhd	Investment holding	Held 100% shares in United Flagship Holding Sdn Bhd but all the shares have been sold. There are currently no future plans for it.	Shareholder with 98% equity interest
Seladang Grand Corporation Sdn Bhd	Dormant	Held shares in various listed companies. All the shares have been sold. There are currently no future plans for it.	Shareholder with 52% equity interest

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Explanation for Investment Holding</b>	<b>Involvement other than as a Director</b>
Nice Quest Sdn Bhd	Investment holding	Holds shares in an information technology company	Shareholder with 51% equity interest
Enduring Fame Sdn Bhd	Property investment holding	-	-
Treasure Cove Sdn Bhd	Property investment holding	-	-
Definite Realty Sdn Bhd	Property investment holding	-	-
Great Appreciation Sdn Bhd	Property investment holding	-	-
Agridex Sdn Bhd	Agricultural related industries	-	-
Sensatimur Kuari Sdn Bhd	Quarry contractors and related industries	-	-
Aroma Padu Sdn Bhd	Quarry contractors and related industries	-	Shareholder with 51% equity interest
Enviroview Sdn Bhd	Property investment holding	-	-
Pesaka Sejagat Sdn Bhd	Contractor and related industries	-	-
United Flagship Development Sdn Bhd	Property development related activities	-	-
Next Sphere Sdn Bhd	Information and communication technology services	-	-
Sensatimur Sdn Bhd	Property development and property investment holding related activities	-	-
Takzim Pujian Sdn Bhd	Property investment holding	-	Shareholder with 99.99% equity interest
Berisi Restu Sdn Bhd	Property investment holding	-	Shareholder with 99.99% equity interest
United Flagship Sdn Bhd	Investment holding	Holds shares in subsidiaries involved in property development, construction, manufacturing, agriculture and information technology	Shareholder with 99.99% equity interest
Arena Proaktif Sdn Bhd	Construction related activities	-	-
Landas Restu Sdn Bhd	Property investment holding	-	Shareholder with 99.99% equity interest

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Explanation for Investment Holding</b>	<b>Involvement other than as a Director</b>
Juta Bangsa Sdn Bhd	Property investment holding	-	Shareholder with 99.99% equity interest
<i>Past involvement in the last five (5) years</i>			
Meteoric Achievement Sdn Bhd	This company has been dissolved	Intended to be used for property investment holding. Never commenced operations.	-
Genggam Menang Sdn Bhd	This company has been dissolved		-
Marimekar Sdn Bhd	This company has been dissolved		-
Golden Accreditation Sdn Bhd	This company has been dissolved		-
Hasrat Induk Sdn Bhd	This company has been dissolved		-
Quantum Advantage Sdn Bhd	This company has been dissolved		-
Jublex Sdn Bhd	This company has been dissolved		-
Cleargold Resources Sdn Bhd	This company has been dissolved		-
Exemplary Acres Sdn Bhd	This company has been dissolved	-	
Revipac Sdn Bhd	This company has been wound-up	Shipping related services, in liquidation	Shareholder with 50% equity interest
Terang Wang Sdn. Bhd.	This company has been dissolved	Never commenced business	-
Paling Mekar Holdings Sdn Bhd	Investment holding	Investment holding in a property developer	-
Arena Antara Sdn Bhd	Dormant	Intended to be a property developer. Never commenced operation. There are currently no future plans for it	-

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Explanation for Investment Holding</b>	<b>Involvement other than as a Director</b>
Sensatimur Sdn Bhd	Property development and property investment related activities	-	-
Am Modular Sdn Bhd	Manufacturers and builders of fabricated buildings	-	-
Flagship Works Sdn Bhd	Construction	-	-
<b>Datuk Ir. Kunasingam A/L V. Sittampalam</b>			
<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Explanation for Investment Holding</b>	<b>Involvement other than as a Director</b>
<i>Present involvement</i>			
Victech	Investment holding	Hold Shares in HEB	Shareholder with 99% equity interest
Pavetech (M) Sdn Bhd	Dormant	Graphic design consultants	Shareholder with 50% equity interest
Atur Sentosa Sdn Bhd	Dormant	General trading. Never commenced operations. There are currently no future plans for it	Shareholder with 50% equity interest
Global Horizon Serasi Sdn Bhd	Dormant	Intended to be used for investment holding but never materialised. There are currently no future plans for it	Shareholder with 50% equity interest
HSS (Sabah) Sdn Bhd	Dormant, in the process of being struck off	Investment holding. Never commenced operations	Shareholder with 50% equity interest
HSS (Sarawak) Sdn Bhd	Dormant, in the process of being struck off	Investment holding. Never commenced operations	Shareholder with 66.67% equity interest
GH Energy Development Sdn Bhd	Dormant	Business of contracting, construction and engineering. Never commenced operations. There are currently no future plans for it	Shareholder with 50% equity interest
Vanguard Creative Technologies Sdn Bhd	General trading	-	Shareholder with 20% equity interest
Rezeki Serimaju Sdn Bhd	General trading, land and property investment and investment holding	-	Shareholder with 2.1% equity interest, does not hold any directorship
ADI Capital	Investment holding	Hold Shares in HSSE	Shareholder with 50% equity interest

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Explanation for Investment Holding</b>	<b>Involvement other than as a Director</b>
Vivo Bio Tech (Malaysia) Sdn Bhd	Dealers in bio-technology products	-	Shareholder with 3.38% equity interest
Virinchi Integrated Solutions Sdn Bhd	Software developers and contractors for work of any kind in areas	-	Shareholder with 1 share
Associated Cover Sdn Bhd	Insurance services (Agencies), in the process of being wound up	-	Shareholder with 5% of equity interest, does not hold any directorship
Intesys Sdn Bhd	Sales and service of computer systems and provision of computer training programme	-	Shareholder with 15% equity interest
Hakka RP Sdn Bhd	Food and beverages for catering services	-	Shareholder with 13.95% equity interest, does not hold any directorship
Rite Equity Sdn Bhd	Investment holding	Hold Shares in an India-based information technology company	Shareholder with 50% equity interest
HSS Asia Pacific Sdn Bhd	Engineering consultancy services, in the process of being struck off	-	Shareholder with 25% equity interest
Dominant Sphere	Investment holding	Hold Shares in HSSE	Shareholder with 50% equity interest
Flamingo Development Sdn Bhd	Dormant	Project manager and property developers. Never commenced operations	Shareholder with 50% equity interest
G Team Resources & Holding Sdn Bhd	Managers, advisers and consultant on equity capital	-	Shareholder with 1 share, does not hold any directorship
HSSI	Engineering consultancy services and investment holding	-	Shareholder with 5% equity interest
Matmer Corporation Sdn Bhd	Investment in properties	-	Shareholder with 50% equity interest
Damai Service Hospital (HQ) Sdn Bhd	Specialist hospital	-	-
GH Investment Holdings Ltd	Dormant	Investment holding but never commenced operations	Shareholder with 45% equity interest

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Explanation for Investment Holding</b>	<b>Involvement other than as a Director</b>
Duta Pinang Sdn Bhd	General trading	-	Shareholder with 50% equity interest
Triple Victory Sdn Bhd	Investment holding	-	Shareholder with 50% equity interest
Indus Foundation	A company limited by guarantee for community services	-	-
Pebble Seeds Capital Ltd	Investment holding	Property investment	Shareholder with 40% equity interest
Trumps Supreme Ltd	Dormant	Have not commenced operations. There are currently no future plans for it	Shareholder with 100% equity interest
Northern Union Ltd	Investment holding	Holds shares in biotechnology company	Shareholder with 100% equity interest
<i>Past involvement in the last five (5) years</i>			
Tune Insurance Malaysia Bhd	Underwriting of all classes of general insurance business	-	-
Flamingo Ventures (M) Sdn Bhd	This company has been struck off	Management services	Shareholder with 50% equity interest
Cheops Sdn Bhd	This company has been struck off	Investment holding but never commenced operations	Shareholder with 50% equity interest
The Multimedia Gallery Sdn Bhd	This company has been struck off	Provision of computer service but never commenced operations	Shareholder with 50% equity interest
Tenaga Insaf (M) Sdn Bhd	This company has been struck off	Investment holding but never commenced operations	-
Remote Metering Systems Sdn Bhd	This company has been struck off	Suppliers of computerised metering software / hardware equipment	Shareholder with 35% equity interest, does not hold any directorship
Beard Dove (Malaysia) Sdn Bhd	This company has been struck off	Provision of consultancy services	Shareholder with 50% equity interest
Elite Budget Hotels Sdn Bhd	This company has been dissolved	Provision of services to the hospitality industry	Shareholder with 30% equity interest
Tenaga Imbang Sdn Bhd	This company has been dissolved	Investment holding but never commenced operations	Shareholder with 2 shares



**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Explanation for Investment Holding</b>	<b>Involvement other than as a Director</b>
Maika Corporate Services Sdn Bhd	This company has been dissolved	Management services. Providing company secretarial services, share registration, financial and management consultancy services	-
Fooland Development Sdn Bhd	This company has been dissolved	Property investment holding	-
M&P Overseas Trading Corporation Sdn Bhd	This company has been dissolved	General trading	-
Lipis Development (M) Sdn Bhd	This company has been dissolved	Property development and investment holding. Never commenced operations	-
Maika Intellectual Resources Sdn Bhd	This company has been dissolved	Satellite internet and internet services, E-market place, E-insurance, E-learning and Tele-Medicine	-
Semenyih Brickmakers Sdn Bhd	This company has been dissolved	Manufacture of and trading in bricks and related products	-
Golden Land Properties Sdn Bhd	This company has been dissolved	Manage and develop properties	-
Golden Land Construction Sdn Bhd	This company has been dissolved	Contractors, builders, civil engineering and developers	-
Maika Holdings Bhd	Property management	-	-
Environment Asia Sdn Bhd	Environmental consultants	-	-
Virinchi Limited (formerly known as Virinchi Consultants Ltd)	This company has been removed from the register of companies as a foreign company	Provision of information technology consultancy services	-
Pelanduk Permai Sdn Bhd	This company has been struck off	Investment holding	Shareholder with 50% equity interest
HSS India Sdn Bhd	This company has been struck off	Project management and engineering consulting services. Never commenced operations	Shareholder with 18.7% equity interest, does not hold any directorship
Bizmatic Sdn Bhd	This company has been dissolved	Investment holding	Shareholder with 50% equity interest
Kontur Bintang Sdn. Bhd.	The company has been dissolved	-	Shareholder with 50% equity interest

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)****Dato' Ir. Nitchiananthan A/L Balasubramaniam**

<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Explanation for Investment Holding</b>	<b>Involvement other than as a Director</b>
<i>Present involvement</i>			
Primode Engineering Sdn Bhd	General trading, property development and information & technology	-	Shareholder with 50% equity interest
CMR Project Management Sdn Bhd	Dormant	Project managers	-
Global Horizon Project Management Sdn Bhd	Inactive	Construction project managers and consultants. There are currently no future plans for it	Shareholder with 10,001 shares
Maju Expressway Sdn Bhd	To design, construct, operate and maintain the Maju Expressway (MEX)	-	-
GH Investment Holdings Ltd	Dormant	Investment holding but never commenced operations	Shareholder with 10% equity interest
ADI Capital Sdn Bhd	Investment holding	Hold Shares in HSSE	-
Dominant Sphere Sdn Bhd	Investment holding	Hold Shares in HSSE	-
HSSI	Engineering consultancy services	-	Shareholder with 5% equity interest
<i>Past involvement in the last five (5) years</i>			
HSS Consult Sdn Bhd	This company has been dissolved	Engineering consultant	Shareholder with 12.5% equity interest
Shedden (Malaysia) Sdn Bhd	This company has been struck off	Engineering consultant	-
Virinchi Integrated Solutions Sdn Bhd	Software developers and contractors for work of any kind in areas	-	-
Intesys Sdn Bhd	Sales and service of computer systems and provision of computer training programme	-	-

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Explanation for Investment Holding</b>	<b>Involvement other than as a Director</b>
GH Energy Development Sdn Bhd	Dormant	Business of contracting, construction and engineering. Never commenced operations. There are currently no future plans for it	-
Matmer Corporation Sdn Bhd	Investment in properties	-	-
<b>Dato' Ir. Khairudin Bin Sidek</b>			
<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Explanation for Investment Holding</b>	<b>Involvement other than as a Director</b>
<i>Present involvement</i>			
Desa Ikhwan Sdn Bhd	General trading	-	Shareholder with 50% equity interest
Silver Trilogy Sdn Bhd	Investment holding	Hold Shares in a company involved in the business of food and beverage	-
Energy Ventures Sdn Bhd	Dormant, in the process of being struck-off	Never commenced operations	-
Quantum Progress Energy Sdn Bhd	Property dealing, in the process of being struck-off	-	-
Urus Untung Sdn Bhd	Investment holding	Hold Shares in a company involved in the business of supply and installation of electrical and electronic products	-
Ikhtiar Merbak Sdn Bhd	Investment holding	Hold Shares in a company involved in general trading. To be struck off	Shareholder with 50% equity interest
Global Power Ventures Sdn Bhd	Investment holding	Incorporated for the sole purpose of bidding for the contract of Independent Power Produce for 2 Coal Fire Power Plant from Energy Commission. The bid was unsuccessful and the future plan is to strike off the company	-
Syarikat Maswira Sdn Bhd	In the process of being struck-off	Property investment holding	-
Kris Arang (M) Sdn Bhd	Dormant	Marketing agent	Shareholder with 70% equity interest

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Explanation for Investment Holding</b>	<b>Involvement other than as a Director</b>
HSSME	Mechanical and electrical engineering consultants	-	Shareholder with 50% equity interest
Clear Strategy Sdn Bhd	Housing development, in the process of being struck-off	-	Shareholder with 10.3% equity interest
Puncak Merindah Sdn Bhd	Construction works	-	Shareholder with 20% equity, does not hold any directorship
HSSI	Engineering consultancy services and investment holding	-	Shareholder with 60% equity interest
DCX Technologies Sdn Bhd	Supply and installation of electrical and electronic products	-	-
Flamingo Development Sdn Bhd	Dormant	Project manager and property developers. Never commenced operations	-
Sri Palong Corporation Bhd	Rental of sawmilling and shop lot	-	Shareholder with 0.116% equity interest, does not hold any directorship
Ilham Metro Construction Sdn Bhd	Construction of building	-	Shareholder with 33.33% equity interest
Sistem Kenderaan Bumiputra Sdn Bhd	Dormant	Transportation. Have ceased business and now holding property with no future plan	Shareholder with 1.19% equity interest, does not hold any directorship
<i>Past involvement in the last five (5) years</i>			
Perkhaz-Boss Sdn Bhd	This company has been dissolved	Mechanical engineering services	-
Akffaz Sdn Bhd	This company has been dissolved	General trading, import & export, general engineering works, design & supplies	Shareholder with 50% equity interest
Recordia (M) Sdn Bhd	This company has been dissolved	Industrial and business management consultants	Shareholder with 5% equity interest

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Holding</b>	<b>Explanation for Investment</b>	<b>Involvement other than as a Director</b>
Sarbumi Enterprise Sdn Bhd	This company has been dissolved	Commodity trader		Shareholder with 1 share
The Competency Centre for Energy Industry Sdn Bhd	This company has been dissolved	Training & consultancy services		Shareholder with 70% equity interest, does not hold any directorship
SKB Travel & Tours Sdn Bhd	This company has been wound-up	Provide travelling service		Shareholder with 0.73% equity interest, does not hold any directorship
Hycy Worldwide (M) Sdn Bhd	This company has been dissolved	Developing and marketing high tech system for energy conservation and air-pollution control used by industries		-
Ilham Metro Sdn Bhd	Provision of project management services and consultancy	-		-
Ilham Metro Property Sdn Bhd	Dormant	-		-
European Profiles Contracting Sdn Bhd	Designing, engineering and contracting of building envelope systems (metal roof, wall cladding and other associated work) and composite floor decking	-		-
European Profiles Systems Sdn Bhd	Marketing, design, supply and installation of profiled steel for composite floor decking and ancillary products and the provision of the technical services	-		-
Prince Cladding Asia Sdn Bhd	Manufacturing of metal sandwich panels	-		-

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Explanation for Investment Holding</b>	<b>Involvement other than as a Director</b>
European Profiles (M) Sdn Bhd	Manufacture and fabrication of building envelope systems (metal roof, wall cladding and others) and composite floor decking	-	-
<b>Mohan A/L Ramalingam</b>			
<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Explanation for Investment Holding</b>	<b>Involvement other than as a Director</b>
<i>Present involvement</i>			
Microban (M) Sdn. Bhd.	Dormant	Hold Shares in a company involved in the business of renewable energy, biomass and environmental friendly waste treatment	Shareholder with 50% equity interest
Trans-Econ Ventures Sdn Bhd	Venture capitalist	-	-
Lawnet Sdn Bhd	Property investment holding	-	Shareholder with 50% equity interest
Miry Associates Sdn Bhd	Provision of investment & business consultancy management services, sub rental of property and development of new markets	-	Shareholder with 43.17% equity interest
Agrinos Sdn Bhd	Bio technology for agriculture	-	-
Intelligent Capital Sdn Bhd	Consultancy & financial advisory services & investment holding	-	Shareholder with 10% equity interest

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Holding</b>	<b>Explanation for Investment</b>	<b>Involvement other than as a Director</b>
Contract Latex Dippers Sdn Bhd	Gloves trading & property rental	-		Shareholder with 43.17% equity interest
Advanced Bio-Med Tools Sdn Bhd	Manufacturing and dealing in all kind of experimental works and products required by Scientists	-		Shareholder with 19.32% equity interest
<i>Past involvement in the last five (5) years</i>				
Tune Insurance Malaysia Berhad	Underwriting of all classes of general insurance business	-		-
<b>Foo Lee Khean</b>				
<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Holding</b>	<b>Explanation for Investment</b>	<b>Involvement other than as a Director</b>
<i>Present involvement</i>				
Twin Everich Sdn Bhd	Investment holding and lettings of properties	-		Shareholder with 50% equity interest
Major Era Sdn Bhd	Investment holding and lettings of properties	-		Shareholder with 50% equity interest
Medinventions Sdn Bhd	Providing healthcare services	-		-
ITV Media Sdn Bhd	Agency and provider of advertisement and commercial information through television, to acquire and hold for investment and development, to carry on as general merchant and traders of all kinds of articles	-		Shareholder with 50% equity interest

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Holding</b>	<b>Explanation for Investment</b>	<b>Involvement other than as a Director</b>
Forrest Technology Sdn Bhd	Sales and marketing of medical packages and related products	-	-	-
Clear Approach Sdn Bhd	Investment holding and lettings of properties	-	-	Shareholder with 50% equity interest
Insilico (M) Sdn Bhd	Dormant	Incorporated to venture into offering proteomics processing for scientific labs but never commenced operations	-	Shareholder with 25% equity interest
IKL Corporation Sdn Bhd	Consulting services and investment holding	-	-	Shareholder with 50% equity interest
Mediwhiz Sdn Bhd	Sales and marketing of medical packages and related products	-	-	-
Trubrand Marketing Sdn Bhd	Sales and marketing of medical packages and related products	-	-	-
IKL Resources Sdn Bhd	Investment holding	The ultimate holding company for Systech Bhd, a company listed on the ACE Market of Bursa Securities	-	-
Bellwrights Sdn Bhd	Investment holding	Holds shares in a company involved in the, business of digital authentication	-	-
Strategic Capital Advisory Sdn Bhd	Corporate finance advisory and consultancy	-	-	Shareholder with 50% equity interest
Activate Sdn Bhd	Provision of computer solutions and related businesses	-	-	Shareholder with 2.99% equity interest, does not hold any directorship
Completech Sdn Bhd	Providing medical and healthcare services (under voluntary liquidation)	-	-	-
Forrest Holdings Sdn Bhd	Investment holding	Holds Shares in a company set up to provide low costs services for digital imaging to clinics	-	-
Systech Bhd	Investment holding	Listed on the ACE Market of Bursa Securities with subsidiary providing web-based solutions	-	-



**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Holding</b>	<b>Explanation for Investment</b>	<b>Involvement other than as a Director</b>
SMIS Corporation Bhd	Investment holding	Listed on the Main Market of Bursa Securities with subsidiaries in the business of providing machinery and industrial solutions and supply automotive interior furnishings and components	-	-
SYF Resources Bhd	Investment holding	Listed on the Main Market of Bursa Securities with subsidiaries in the business of manufacturing furniture	-	-
Kumpulan Jetson Bhd	Investment holding, design and build turnkey contractor for civil construction works, general building works, interior works, renovation & restoration works, exposition and exhibition works and industrial display designing of memorial, museum & gallery works	-	-	-
<i>Past involvement in the last five (5) years</i>				
Forward Start Sdn Bhd	This company has been struck-off	Event management but never commenced operations	-	-
Little Macro (M) Sdn Bhd	This company has been struck-off	Never commenced operations	-	-
Impian Naik Sdn Bhd	This company has been struck-off	Never commenced operations	-	Shareholder with 25% equity interest
Proven Capital Sdn. Bhd.	Dormant	Never commenced operations	-	-
Digital Repute Sdn. Bhd.	Investment and property holdings	-	-	-

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)****Ir. Sharifah Azlina Bt Raja Kamal Pasmah**

<b>Company</b>	<b>Principal activities</b>	<b>Prior Activities/ Explanation for Investment Holding</b>	<b>Involvement other than as a Director</b>
<i>Present involvement</i>			
Global Horizon Urus Harta Sdn Bhd	Dormant	General trading. Never commenced operations. There are currently no future plans for it.	Shareholder with 75% equity interest
Global Horizon Project Management Sdn Bhd	Inactive	Construction project managers and consultants. Inactive since 2013. There are currently no future plans for it.	Shareholder with 90% equity interest
Global Horizon Projects Sdn Bhd	Dormant	Engineering, construction and project management, this company has ceased operations	Shareholder with 1 share
Duta Pinang Sdn Bhd	General trading	-	Shareholder with 50% equity interest
<i>Past involvement in the last five (5) years</i>			
HSS Consult Sdn Bhd	This company has been dissolved	Dormant	Shareholder with 37.5% equity interest
Swift Optimum Sdn Bhd	Dormant	General trading. Never commenced operations. There are currently no future plans for it.	Shareholder with 50% equity interest, with no directorship
Intesys Sdn Bhd	Sales and service of computer systems and provision of computer training programme	-	Shareholder with 70% equity interest, does not hold any directorship

The DDWG is of the view that the involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Executive Directors in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

In order to mitigate any possible conflict of situation, our Directors will declare to our Nomination Committee and our Board their interests in other companies on the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nomination Committee will then evaluate if such Director's involvement give rise to a potential conflict of interest with our Group's business. It is the Director's fiduciary duty to avoid conflict. Our Directors are required to attend courses which provide guidelines to them on their fiduciary duties.

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

In relation to matters or transactions requiring the approval of our Board, the relevant Directors who are deemed interested or conflicted in such matters or transactions shall be required to declare their interests and abstain from deliberations and voting on the resolutions relating to these matters or transactions.

**8.2.4 Directors' Remuneration and Benefits**

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2015 and FYE 2016 are as follows:-

Director	Remuneration band	
	FYE 2015	Proposed for FYE 2016
	RM	
Dato' Mohd Zakhir Siddiqy Bin Sidek	-	RM50,001 to RM100,000
Datuk Ir. Kunasingam A/L V. Sittampalam	RM1,800,001 to RM1,850,000	RM2,000,001 to RM2,050,000
Dato' Ir. Nitchiananthan A/L Balasubramanian	RM1,050,001 to RM1,100,000	RM1,150,001 to RM1,200,000
Dato' Ir. Khairudin Bin Sidek	-	RM50,001 to RM100,000
Mohan A/L Ramalingam	-	RM50,001 to RM100,000
Foo Lee Khean	-	RM50,001 to RM100,000
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	RM650,001 to RM700,000	RM700,001 to RM750,000

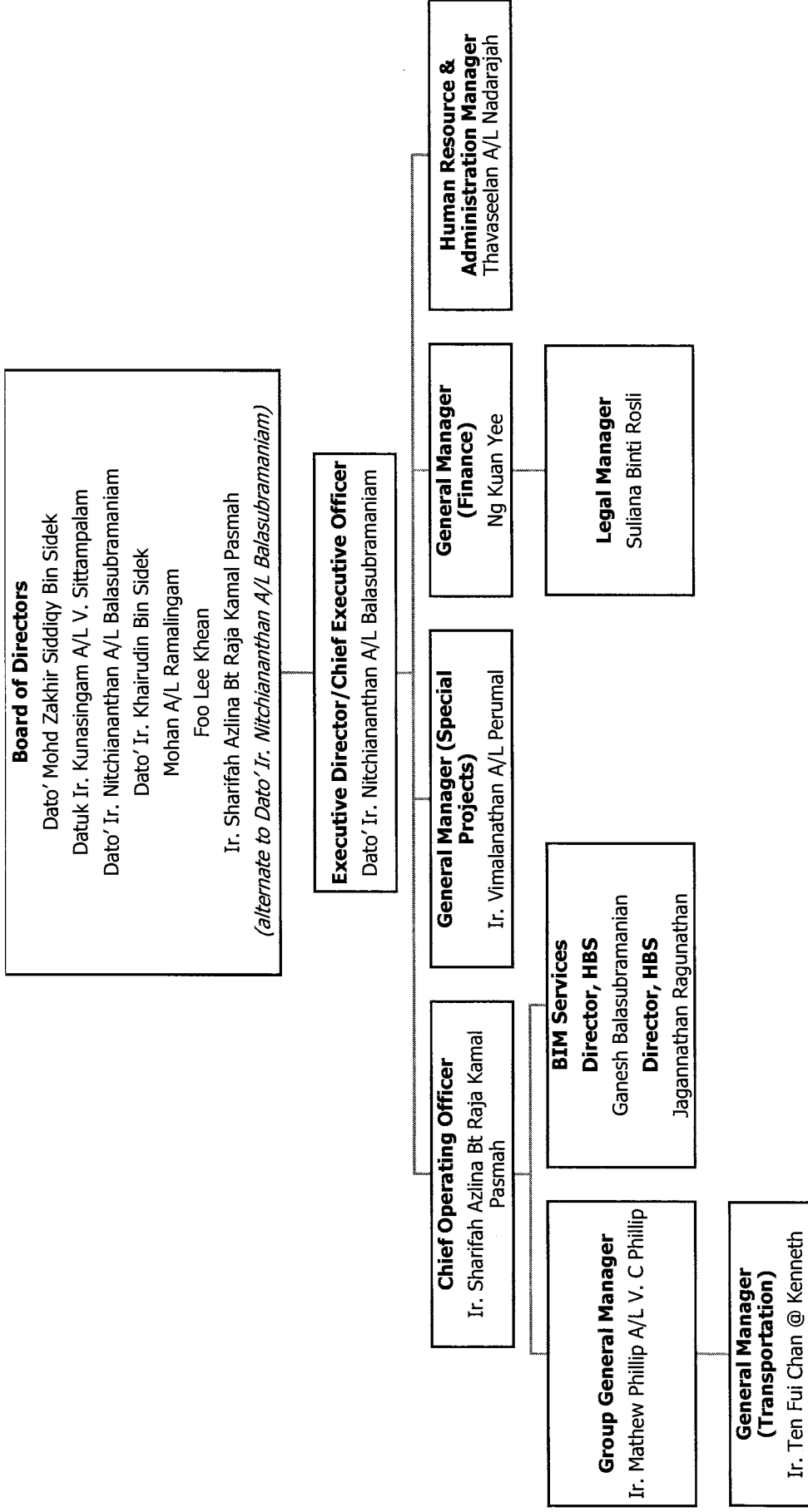
The remuneration includes our Directors' salaries, bonus, fees and allowances as well as other benefits, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. Any change in Director's fees as set out in our Memorandum and Articles of Association must be approved by our shareholders pursuant to an ordinary resolution passed at a general meeting where appropriate notice of the proposed changes should be given. Please refer to Section 15.2 of this Prospectus for further details.

**[ The rest of this page is intentionally left blank ]**

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

**8.3 KEY MANAGEMENT**

**8.3.1 Management Structure**



**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)****8.3.2 Key Management Shareholdings**

The shareholdings of our key management in our Company before and after our IPO assuming that our key management will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:-

Name	Designation/ Nationality	Before IPO <sup>(1)</sup>		After IPO <sup>(2)</sup>	
		Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares
Datuk Ir. Kunasingam A/L V. Sittampalam	Executive Director / Malaysian	-	(5)121,362,342	-	(3)100,000,000
Dato' Ir. Nitchiananthan A/L Balasubramaniam	Executive Director / Chief Executive Officer / Malaysian	2,786,695	-	8,500,000	-
Dato' Ir. Khairudin Bin Sidek	Executive Director / Malaysian	-	-	500,000	-
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	Chief Operating Officer / Malaysian	1,393,346	-	4,000,000	-
Ir. Vimalanathan A/L Perumal	General Manager (Special Projects) / Malaysian	-	-	714,200	-
Ganesh Balasubramanian	Director, HBS / Indian	5,573,390	-	5,623,390	-
Jagannathan Ragunathan	Director, HBS / Indian	2,786,695	-	2,986,695	-
Ng Kuan Yee	General Manager (Finance) / Malaysian	-	-	461,300	-
			47.5		-
					31.3

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

Name	Designation/ Nationality	Before IPO <sup>(1)</sup>			After IPO <sup>(2)</sup>		
		Direct		Indirect	Direct		Indirect
		No. of Shares	%	No. of Shares	(4) No. of Shares	%	No. of Shares
Suliana Binti Rosli	Legal Manager / Malaysian	-	-	-	20,000	*	-
Thavaseelan A/L Nadarajah	Human Resource & Administration Manager / Malaysian	-	-	-	404,225	0.1	-
Ir. Mathew Phillip A/L V. C Phillip	Group General Manager / Malaysian	-	-	-	714,200	0.2	-
Ir. Ten Fui Chan @ Kenneth	General Manager (Transportation) / Malaysian	-	-	-	621,300	0.2	-

**Notes:-**

\* Less than 0.1%

(1) Based on the issued and paid-up share capital of 255,264,810 Shares after the Acquisitions of Subsidiaries and the transfer of the 10 subscriber shares in HEB to each of the Promoters before the Public Issue.

(2) Based on the enlarged issued and paid-up share capital of 319,081,010 Shares after our IPO.

(3) After the Offer for Sale and Special RSP.

(4) Assuming that our key management will fully subscribe for their respective entitlements under the Pink Form Allocations and Special RSP.

(5) Deemed interest by virtue of his substantial shareholdings in Victech.

---

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

---

**8.3.3 Profiles of Key Management**

Save for the profiles of our Directors, which are disclosed in Section 8.2.2 of this Prospectus, the profiles of the other key management of our Group are as follows:-

**Ir. Vimalanathan A/L Perumal**, a Malaysian aged 60, is currently our Group's General Manager (Special Projects). He manages all technical, financial and contractual aspects of civil infrastructure projects.

He graduated with a Bachelor of Engineering in Civil Engineering from the University of Madras, India in 1981 and proceeded to complete his Master of Engineering in Civil and Structural Engineering at the University of Canterbury, New Zealand in 1986. He is a Fellow and Principal Interviewer for Corporate Membership applicants with the IEM, a Professional Engineer with the BEM, and a member of various professional societies including the Institution of Engineers, Australia, CIHT, Project Management Institute, Member of Society of Construction Law (Kuala Lumpur & Selangor) and Associate Member of the Association of Consulting Engineers Malaysia.

Ir. Vimalanathan has accumulated over thirty five (35) years of experience within the engineering and project management services market. His area of specialisation is in formulating various construction contract, procurement strategies, their implementation and resolving areas of disputes and claim. He started his career with Malaysia International Consultant Sdn Bhd in 1981 as a design and supervising engineer up to 1987. In 1987, he joined Usaha Syarikat Daron Sdn Bhd in Brunei as a project engineer. He left in 1989 and joined Mardec Engineering Sdn Bhd as a resident engineer before joining HSSI in 1989 as a Consultant Engineer. He was transferred to HSSE in 2002 as Project Management Consultant and rose through the ranks to become the General Manager (Special Projects & Corporate Services) in 2005, a position he has held ever since.

**Ganesh Balasubramanian**, an Indian aged 47, is currently the Director of HBS in Chennai. He is mainly responsible for the formulation and implementation of strategy of the organisation and overseeing its overall operations. He graduated with a Diploma in Civil Engineering from the C.N. Polytechnic, Chennai in 1989. He also holds a Higher Diploma in Interior Design from Convoys Technical Training Institute for Interior Design, from Dubai. He is an Authorised Consultant for Autodesk from 2005 and he works closely with Autodesk Inc for BIM consulting and training.

Ganesh Balasubramanian has accumulated over twenty seven (27) years of experience within the engineering and project management services market. He started his career in 1990 as a Project Engineer at Chitale & Sons which specialises in architecture and was attached to the company until 1994. In 1994, he joined Oryx Engineering Consultants, a company located in UAE as a Senior Project Engineer until 2005. Between 2005 to 2009, he was attached to AIICAD Services Pvt Ltd in Chennai as a Chief Technology Officer where he managed over a 100 engineers and draftsman who are executing BIM-based projects for Middle East projects. In 2010, he joined DG BIM Consulting Pvt Ltd in Chennai as Director where he was responsible for the overall management of the strategic business unit. He left in 2012 to join HBS as a Director in 2012, a position he has held ever since.

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

**Jagannathan Ragunathan**, an Indian aged 47, is currently the Director of HBS in Chennai who oversees the company's business development and finance. He holds a Bachelor of Science (Physics) and a Master of Science (Bio-Physics), both from the University of Madras, India and a Master in Business Administration from Annamalai University, India.

He has over twenty five (25) years of experience in business development, marketing, branding, client/partner/agent management, corporate communication, government relations and finance within various industries such as, manufacturing, water and waste treatment, construction, hospitality, business process outsourcing, trading, pharmaceutical and biotechnology. He started his career with AT Enterprises Pvt Ltd in 1992, where he was in charge of merchandising for various textiles, fertilisers, tea and coffee and was attached to the company up to 1996. In 1996, he joined Colonac International Pvt Ltd, an international trading company. His role was managing the relationship with the international firms represented by the company in India and identifying technology partners for brewery, security products, textiles and chemicals. He left the company in 2001, and ventured into the business of outsourcing when he joined Acris Informatics Pvt Ltd in 2002. His responsibility includes operations, client coordination / management, and business development. Thereafter, he joined Statco Magnitude Pvt Ltd, a manufacturer and marketer of water and waste management products, and an authorised representative of 3M products for India in 2006 as Director of Business Development up to 2012. Before joining HBS in 2012, he worked with Apex Bio-Naturals Pvt Ltd, a manufacturer and marketer of patented Ayurvedic and Siddha products from 2010 to 2012 where he managed the business development, administration and finance of the firm.

**Ng Kuan Yee**, a Malaysian, aged 45, is currently our Group's General Manager (Finance). She is responsible for our Group's overall finance functions including the monitoring of business performance and results, profitability and cash flow, executions of financial reporting, treasury management and tax compliance to ensure that our Group meets its business objectives in terms of returns, profitability, and cash flow.

She is a Fellow member of the Association of Chartered Certified Accountants since March 2005 after graduating in 1995, became a member of the MIA in 2001 and a member of the Malaysian Institute of Certified Public Accountants in 2007.

Ng Kuan Yee has over twenty three (23) years of experience in accounting and finance functions. She has extensive experience in mergers & acquisitions, integration of regional based finance shared services function, corporate restructuring, corporate due diligence, software implementation and risk management. She began her career with Bell & Order Berhad in 1994 and left in 1996 to join Gula Perak Berhad for a short stint. Thereafter, in 1996, she joined Sunway Marketing Sdn Bhd as an assistant accountant and was attached to the company up to 1998. Between 1998 to 2003, she was attached to Baan Malaysia Sdn Bhd, a multinational software house as Finance Manager of the ASEAN region. Prior to joining HSE in 2011, she worked in Tricor Services (Malaysia) Sdn Bhd as a Chief Financial Officer from 2003 to 2011 where she was responsible for the overall finance functions of the company.



---

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**


---

**Suliana Binti Rosli**, a Malaysian, aged 42, is currently our Legal Manager where she is responsible for providing legal support and services to our Group and all its associated companies in Malaysia and India. She graduated with Bachelor of Laws from University of Hull, UK in 1997.

She has over sixteen (16) years of experience in legal, commercial, governance and regulatory functions. She began her career in 1997 as Business Development Executive in The Network Connections Sdn Bhd. She left the company in 1999 to join Golden Arches Restaurants Sdn Bhd as a Legal Manager where she provided legal support to the company and its charitable arm, and was with the company up to 2007. In 2007, she joined HSBC Data Processing (M) Sdn Bhd ("HSBC") as Senior Legal Counsel where she headed the offshore legal team for HSBC's operations in UK covering the segments of retail, commercial and corporate banking. She left HSBC in 2012 to join Ambank (M) Bhd as Senior Legal Counsel where she headed the legal department which provides legal support and services to the bank's business banking for a year and thereafter led the legal department supporting the bank's retail banking segment. She left the bank in 2014 to join HSSE and assumed her current position.

**Thavaseelan A/L Nadarajah**, a Malaysian, aged 54, is currently our Human Resource and Administration Manager. He is responsible for overseeing the overall human resource and administration functions of our Group which include amongst others overseeing resource planning, recruitment process and selection, salary administration and benefits and compensation management.

He began his career in 1984 as an Accounts Supervisor with Mahesh Bumi Sdn Bhd, and was attached to the company up to 1986. Between 1986 to 1987, he was an Accountant with the Educational Welfare Research Foundation. He joined HSS Consult Sdn Bhd in 1987 as an Accountant. In 1989, he was transferred to HSSI as Finance Manager, and subsequently re-designated as Administration Manager in 1993. In 2006, he was transferred to HSSE our Group's Human Resource & Administration Manager, a position he has held ever since. He has over thirty one (31) years of experience in human resource and administration related functions.

**Ir. Mathew Phillip A/L V.C Phillip**, a Malaysian, aged 57, is currently our Group General Manager and is responsible for leading and managing projects undertaken by our Group. He graduated from Universiti Malaya in 1983 with a Bachelor in Engineering and successfully completed his Master in Science in Highways and Transportation Engineering at Universiti Putra Malaysia in 2001. He is a member of various professional societies including the IEM, BEM, and CIHT.

Ir. Mathew Phillip has over thirty four (34) years of experience in design, design management and project management in mass rail transit, light rail transit, monorail, heavy rails, expressways and highways. He began his career in 1983 with Minconsult as Highway Engineer where he was involved in various infrastructure design projects as a graduate engineer. He left Minconsult in 1991 and joined HSSI in the same year as Principal Design Engineer. In 2003, he was transferred from HSSI to HSSE as General Manager, and was subsequently promoted to become the Group General Manager in 2011, a position he has held ever since. He has led teams in several mega sized railway and highway projects in Malaysia in the last twenty six (26) years. Some of this notable projects from the railway and highway sector includes being the Project Manager for the Proposed High Speed Line and Freight Line between Kuala Lumpur to Tumpat, Kelantan where he was responsible for the Economic Feasibility Studies of 540km of New Rail Alignment Between Kuala Lumpur and Tumpat and the Project Manager for the West Coast Expressway where he was responsible for the Project Management of West Coast Expressway for Concession Company KLPB in 1997.

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

---

**Ir. Ten Fui Chan @ Kenneth**, a Malaysian, aged 51, is currently the General Manager (Transportation) for our Group. He is responsible in managing and coordinating the design team as well as providing technical supervision, guidance and reviewing design works. In addition, he also manages client and liaison with the relevant authorities and sub-consultants.

He graduated with a Bachelor of Arts in 1988 and a Bachelor in Civil Engineering (1st Class Honours) in 1989 from the Trinity College, University of Dublin, Ireland. He is a Fellow with the IEM, a Professional Engineer with the BEM, a Corporate Member and Professional Engineer with the Institution of Engineers, Australia and a member of various professional societies including the Permanent Way Institution (Malaysian Section), CIHT, Associate Member of the Association of Consulting Engineers Malaysia and an International Professional Engineer. He also serves as Principal Interviewer for the Professional Interview Board with the IEM.

Ir. Ten Fui Chan @ Kenneth has accumulated over twenty eight (28) years of experience within the engineering and project management services market, particularly in design, design management and project management. He started his career in Minconsult as a graduate engineer in 1989, and subsequently joined HSSI in 1989 as a Highway Engineer. He was later transferred to HSSE in 2001, and promoted to General Manager (Transportation) in 2010, a position he has held ever since.

**[ The rest of this page is intentionally left blank ]**

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)****8.3.4 Principal Business Performed Outside our Group**

Save as disclosed below, none of our key management has any other principal directorship and/or principal business activities performed outside our Group as at the LPD:-

**Ng Kuan Yee**

<b>Company</b>	<b>Principal activities</b>	<b>Involvement other than as a Director</b>
Stratarns Sdn Bhd	Dormant	Shareholder with 1 share
CMR Project Management Sdn Bhd	Dormant, in the process of being wound up	-

**Thavaseelan A/L Nadarajah**

<b>Company</b>	<b>Principal activities</b>	<b>Involvement other than as a Director</b>
Talent Haven Sdn Bhd	Provide educational programme, in the process of being struck off	Shareholder with 1 share, does not hold any directorship
Swift Optimum Sdn Bhd	Dormant	Shareholder with 1 share, does not hold any directorship

[ The rest of this page is intentionally left blank ]

---

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

---

The DDWG is of the view that the involvement of our key management in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Their involvement in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

**8.4 BOARD PRACTICE****8.4.1 Board**

Our Board has adopted the following responsibilities for effective discharge of its functions:-

- (a) To provide leadership and oversee the overall conduct of our Group's businesses to ensure that our businesses are being properly managed;
- (b) To review and adopt strategic plans for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- (c) To review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard our Group's reputation, and our employees and assets and to ensure compliance with applicable laws and regulations;
- (d) To ensure that our Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the Malaysian Code of Corporate Governance 2012;
- (e) To review and approve our annual business plans, financial statements and annual reports;
- (f) To monitor the relationship between our Group and our management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for our Group; and
- (g) To appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board committees and deliberate on the recommendations thereon.

In accordance with our Articles of Association, at our first annual general meeting, all our Directors shall retire from office. Thereafter, at the annual general meeting in every subsequent year, one-third of our Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office provided always that all our Directors including the Managing Director and the Executive Directors shall retire from office at least once in each three years period but shall be eligible for re-election. A retiring director shall retain office until the close of the meeting at which he retires. An election of directors shall take place each year.

The members of our Board are set out in Section 8.2 of this Prospectus.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

### 8.4.2 Audit Committee

The main function of our Audit Committee is to assist our Board in fulfilling its responsibility to oversee our Group's accounting and financial reporting matters. The terms of reference of our Audit Committee include the following:-

- (a) To review the engagement, compensation, performance, qualifications and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;
- (b) To review and approve our quarterly and annual financial statements for recommendation to our Board, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (c) To review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group; and
- (d) To perform such other functions as may be requested by our Board.

The recommendations of our Audit Committee are subject to the approval of our Board.

The members of our Audit Committee as at the LPD are as follows:-

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Foo Lee Khean	Chairman	Independent Non-Executive Director
Dato' Mohd Zakhir Siddiqy Bin Sidek	Member	Independent Non-Executive Chairman
Mohan A/L Ramalingam	Member	Independent Non-Executive Director

Our Board will review the composition, performance and effectiveness of our Audit Committee annually.

### 8.4.3 Remuneration Committee

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to our Group's compensation, bonuses, incentives and benefits. The terms of reference of our Remuneration Committee include the following:-

- (a) To provide assistance to our Board in establishing the policy and framework for our Directors' remuneration and the remuneration of certain senior management personnel, including the setting of their key performance indicators;
- (b) To ensure that our Group's remuneration and incentive policies, practices and key performance indicators are appropriately established and are aligned with our Group's vision, values and business objectives and market trends;
- (c) To provide assistance to our Board on matters relating to, amongst others, management grievances, compensation strategy, management development and other compensation arrangements;
- (d) To ensure corporate accountability and governance in respect of our Board remuneration and compensation; and

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

(e) To perform such other functions as may be requested by our Board.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

The members of our Remuneration Committee as at the LPD are as follows:-

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Mohan A/L Ramalingam	Chairman	Independent Non-Executive Director
Dato' Mohd Zakhir Siddiqy Bin Sidek	Member	Independent Non-Executive Chairman
Dato' Ir. Nitchiananthan A/L Balasubramaniam	Member	Executive Director / Chief Executive Officer
Foo Lee Khean	Member	Independent Non-Executive Director

### 8.4.4 Nomination Committee

The terms of reference of our Nomination Committee include the following:-

- (a) To assist our Board in the effective discharge of its responsibility to ensure that our Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (b) To ensure appropriate selection criteria and processes and to identify and recommend to our Board, candidates for directorships of our Company and members of the relevant Board committees;
- (c) To evaluate the effectiveness of our Board and the relevant Board committees; and
- (d) To ensure an appropriate framework and succession planning for our Board, including our Chief Executive Officer.

The recommendations of our Nomination Committee are subject to the approval of our Board.

The members of our Nomination Committee as at the LPD are as follows:-

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Mohan A/L Ramalingam	Chairman	Independent Non-Executive Director
Dato' Mohd Zakhir Siddiqy Bin Sidek	Member	Independent Non-Executive Chairman
Foo Lee Khean	Member	Independent Non-Executive Director

## 8.5 RELATIONSHIPS AND/OR ASSOCIATIONS

There are no family relationships (as defined under Section 122A of the Act) or association between or amongst our Promoters, substantial shareholders, Directors and key management as the LPD.

---

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

---

**8.6 EXISTING OR PROPOSED SERVICE AGREEMENTS**

As at the LPD, there is no existing or proposed service agreements (contracts for services) entered into between the companies within our Group, with our Directors or key management personnel.

**8.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY MANAGEMENT**

As at the LPD, save as disclosed below, none of our Promoters, Directors or key management is or has been involved in any of the following events (whether within or outside Malaysia):-

- (a) A petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a Director or key personnel (save for Foo Lee Khean, our Independent Director who is also a director in Completech Sdn Bhd which is undergoing liquidation);
- (b) Disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) Charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) Any judgment that was entered against him involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (e) Being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

**8.8 BENEFITS PAID OR INTENDED TO BE PAID**

Save for our Directors' remuneration and benefits as disclosed in Section 8.2.4, there is no amount and benefit that has been or is intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the two (2) years preceding the date of this Prospectus.

**[ The rest of this page is intentionally left blank ]**

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)****8.9 EMPLOYEES**

As at the LPD, we have 605 employees, all of which are employed as full-time employees. The following depicts the breakdown of our employees in our Group:-

Category of employees As at	Number of employees			LPD
	31 December 2013	31 December 2014	31 December 2015	
Directors	4	5	4	4
Senior Management / Head Operations	5	8	6	6
General Manager / Senior Manager / Chief Engineer / Team Leader / Deputy Manager / Assistant Manager	34	50	92	83
Professional / Executive / Modeler	243	259	239	264
Sub-Professional / Trainee	160	158	151	138
Clerical / Non-Executive / Others	83	90	108	110
<b>TOTAL</b>	<b>529</b>	<b>570</b>	<b>600</b>	<b>605</b>

[ The rest of this page is intentionally left blank ]



**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

Further details of our employee structure as at the LPD are as follows:-

Category of employees	Length of service (years)			Total number of employees	% of total employees	(1) Number of local employees	Number of foreign employees
	Less than one (1) year	More than one (1) year but less than five (5) years	More than five (5) years				
Directors	-	2	2	4	0.7	4	-
Senior Management / Head Operations	-	2	4	6	1.0	6	-
General Manager / Senior Manager / Chief Engineer / Team Leader / Deputy Manager / Assistant Manager	23	39	21	83	13.7	75	8
Professional / Executive / Modeler	78	123	63	264	43.6	249	15
Sub-Professional / Trainee	24	57	57	138	22.8	138	-
Clerical / Non-Executive / Others	20	36	54	110	18.2	110	-
<b>Total</b>	<b>145</b>	<b>259</b>	<b>201</b>	<b>605</b>	<b>100.0</b>	<b>582</b>	<b>23</b>

**Note:-**

(1) Local employees for HSSE and BGV will be Malaysians, whilst for HBS will be Indians.

[ The rest of this page is intentionally left blank ]

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

The breakdown of our local and foreign employees by country as at the LPD, is as follows:-

<b>Country</b>	<b>Number of employees</b>	<b>% of total employees</b>
Malaysia		
- Local employees <sup>(1)</sup>	511	84.5
- Foreign employees	23	3.8
	<b>534</b>	<b>88.3</b>
India		
- Local employees <sup>(1)</sup>	71	11.7
- Foreign employees	-	-
<b>Total</b>	<b>605</b>	<b>100.0</b>

### Note:-

<sup>(1)</sup> Local employees for HSSE and BGV will be Malaysians, whilst for HBS will be Indians.

The increase in the number of employees from 529 as at 31 December 2013 to 605 as at the LPD was mainly due to the gradual recruitment of employees for HBS' operations in India. HBS was only incorporated on 13 July 2012.

All of our foreign employees have valid working permits.

None of our employees belong to any labour union. The relationship and cooperation between our management and our employees have always been good and this is expected to continue in the future. As at the LPD, there is no major industrial dispute pertaining to our employees.

### 8.10 TRAINING AND DEVELOPMENT

We view our employees as one of our key assets that play an instrumental role in our continuous growth. We place great emphasis on staff retention by cultivating conducive working environment within our organisation, ensuring skills development across our Group and identifying employee performance improvement opportunities for career advancement.

It is our policy to develop and train employees to improve their skills set and professionalism, in order to enhance productivity and operational efficiencies. As training and development is a continuing process, we encourage our employees to continually increase their skills and knowledge through on-the-job training. Being an authorised Autodesk Training and Certification Centre located in Chennai, we are also able to maximise potential within our workforce by providing the Autodesk training programme to our employees.

Our Group has, from time to time, arranged internal and external training and development courses for our employees. These on-going training and development programmes cover the Continuing Professional Development (CPD) courses as well as relevant technical and functional courses for our employees.

Our Group has also provided for and sponsored over 180 external training and development programme for our employees during the same period. The more notable training programmes attended by our personnel includes amongst others, the Oil and Gas Workshop (2012) by UNI Strategic Pte Ltd, Technical Study Tours (2012, 2013) by The Chartered Institution of Highways and Transportation (Malaysian Branch), Hazardous Materials and Medical Waste Management Conference (2012) by the Asia Executive Programs, Metropolis

---

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**

---

Transportation Oriented Development (2014) by Veritas Architects Sdn Bhd and Road Rehabilitation Using Soil Stabilisation & Cold In-Place Recycling (2014) by Stabilised Pavements (M) Sdn Bhd.

**8.11 MANAGEMENT SUCCESSION PLAN**

Our Group recognises the importance of succession planning to ensure business continuity, and to maintain our competencies and competitiveness in the industry. In view thereof, our Group has taken appropriate steps such as professional mentoring, on-the-job training and professional learning and development to ensure the implementation of succession planning in every department. We encourage our senior management to identify employees who have the potential to move into leadership positions and to expose such potential leadership talent to various developmental opportunities to groom and to provide them with the skill sets and experiences required to take on higher level leadership positions and greater responsibilities. In addition, we also encourage our senior management to groom the lower and middle management staff to gradually assume higher responsibilities and encourage our middle management to participate in discussion for decision-making to ensure better understanding of our operations, responsibilities and the decision-making processes and that they are equipped with the necessary knowledge and skills to succeed to senior management roles.

Our Board is involved in the process of reviewing the potential successor's readiness, and in identifying key competencies and requirements for managerial and key senior positions for succession planning. Appropriate job functions and candidate profiles are reviewed and matched for management positions, in line with our business goals, strategies and culture. As part of our Group's management succession plan, we have identified middle management personnel across our Group to facilitate knowledge transfer and to build upon their capabilities to fill senior management positions so as to ensure smooth running and continuity of our operations.

**[ The rest of this page is intentionally left blank ]**

## 9. APPROVALS AND CONDITIONS

### 9.1 APPROVALS AND CONDITIONS

#### 9.1.1 Bursa Securities Approval

Bursa Securities had, vide its letter dated 1 June 2016, approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities. The approval from Bursa Securities is subject to the following conditions:-

<b>No.</b>	<b>Details of conditions imposed</b>	<b>Status of compliance</b>
1.	Any director of the Company that has not attended the Mandatory Accreditation Programme must do so prior to listing of the Company;	To be complied
2.	Submit the following information in respect of the moratorium on the shareholdings of Promoters to the Bursa Depository:-  (i) Name of shareholders;  (ii) Number of shares; and  (iii) Date of expiry of the moratorium for each block of shares.	To be complied
3.	Approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
4.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied
5.	Furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued and paid-up share capital of HEB on the first day of Listing;	To be complied
6.	In relation to the public offering to be undertaken by HEB, please announce at least two (2) Market Days prior to the Listing date, the result of the offering including the following:-  (i) Level of subscription of public balloting and placement;  (ii) Basis of allotment/allocation;  (iii) A table showing the distribution for placement tranche, in the format prescribed; and  (iv) Disclosure of placees who become substantial shareholder of HEB arising from the public offering, if any,  and to ensure that the overall distribution of HEB's securities is properly carried out to provide an orderly trading in the secondary market; and	To be complied
7.	HEB/ M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the admission to the Official List on the ACE Market is completed.	To be complied

## 9. APPROVALS AND CONDITIONS *(Cont'd)*

### 9.1.2 SC Approval

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 7 June 2016, approved the resultant equity structure for HEB under the equity requirements for public companies pursuant to our Listing.

### 9.1.3 MITI Approval

The MITI had, vide its letter dated 13 June 2016, taken note and has no objection to our Listing.

## 9.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19 of the Listing Requirements and pursuant to the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of those HEB Shares held by our Promoters as follows:-

- (a) The moratorium applies to the entire shareholdings of our Promoters after the Offer for Sale and Special RSP for a period of six (6) months from the date of our admission to the ACE Market of Bursa Securities ("First 6-Month Moratorium");
- (b) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Promoters' aggregate shareholdings amounting to at least forty five percent (45%) of our nominal issued and paid-up ordinary share capital remain under moratorium for another period of six (6) months ("Second 6-Month Moratorium"); and
- (c) On the expiry of the Second 6-Month Moratorium, our Promoters may sell, transfer or assign up to a maximum of one-third (1/3) per annum (on a straight line basis) of those HEB Shares held under moratorium.

Details of our Promoters and their HEB Shares which will be subject to the abovesaid moratorium, are set out below:-

Promoters	No. of HEB Shares held upon admission			
	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium	
	No. of HEB Shares	<sup>(1)</sup> %	No. of HEB Shares	<sup>(1)</sup> %
Victech	<sup>(2)</sup> 100,000,000	31.3	71,793,227	22.5
Flamingo	<sup>(2)</sup> 100,000,000	31.3	71,793,227	22.5
<b>Total</b>	<b>200,000,000</b>	<b>62.6</b>	<b>143,586,454</b>	<b>45.0</b>

#### Notes:-

- (1) Based on the enlarged issued and paid-up share capital of 319,081,010 Shares after our IPO.
- (2) After the Offer for Sale and Special RSP.

---

**9. APPROVALS AND CONDITIONS (Cont'd)**

---

The moratorium has been fully accepted by Victech and Flamingo, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the HEB Shares under moratorium held by Victech and Flamingo to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

The ultimate shareholders of Victech, namely, Datuk Ir. Kunasingam A/L V. Sittampalam and Datin Vasanthi A/P K Ramachandran have undertaken not to sell, transfer or assign their shareholdings in Victech during the moratorium period.

The ultimate shareholders of Flamingo, namely, Vanessa A/P Santhakumar and Vikkrama Kumar A/L Kumaravale have undertaken not to sell, transfer or assign their shareholdings in Flamingo during the moratorium period.

**[ The rest of this page is intentionally left blank ]**

**10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST****10.1 RELATED PARTY TRANSACTIONS**

Save as disclosed below, for the past three (3) FYEs up to 31 December 2015, there are no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them which are significant in relation to the business of our Company and our subsidiaries, as defined under the Listing Requirements:-

**10.1.1 Recurrent Related Party Transactions**

Transacting parties	Company within our Group	Interested Promoters/Directors /Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions		
					FYE 2013	FYE 2014	FYE 2015
					RM'000		
HSSI	HSSE	<ul style="list-style-type: none"> <li>Datuk Ir. Kunasingam A/L V. Sittampalam</li> <li>Dato' Ir. Nitchiananthan A/L Balasubramaniam</li> <li>Dato' Ir. Khairudin bin Sidek</li> </ul>	Datuk Ir. Kunasingam A/L V. Sittampalam, Dato' Ir. Nitchiananthan A/L Balasubramaniam and Dato' Ir. Khairudin bin Sidek are directors and shareholders of HSSI. They are also directors of HEB.	Provision of engineering and project management services to HSSI <sup>(1)</sup>	95,696	97,744	116,483
HSSI	HSSE	<ul style="list-style-type: none"> <li>Datuk Ir. Kunasingam A/L V. Sittampalam</li> <li>Dato' Ir. Nitchiananthan A/L Balasubramaniam</li> <li>Dato' Ir. Khairudin bin Sidek</li> </ul>	Datuk Ir. Kunasingam A/L V. Sittampalam, Dato' Ir. Nitchiananthan A/L Balasubramaniam and Dato' Ir. Khairudin bin Sidek are directors and shareholders of HSSI. They are also directors of HEB.	Provision of design certification by HSSI <sup>(1)</sup>	2,351	-	-

**10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**

Transacting parties	Company within our Group	Interested Promoters/Directors /Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions		
					FYE 2013	FYE 2014	FYE 2015
					RM'000		
HSSME	HSSE	<ul style="list-style-type: none"> <li>Dato' Ir. Khairudin bin Sidek</li> </ul>	Dato' Ir. Khairudin bin Sidek is a director and shareholder of HSSME and director of HEB.	Provision of engineering and project management services to HSSME <sup>(1)</sup>	1,901	1,930	1,060
HSSME	HSSE	<ul style="list-style-type: none"> <li>Dato' Ir. Khairudin bin Sidek</li> </ul>	Dato' Ir. Khairudin bin Sidek is a director and shareholder of HSSME and director of HEB.	Provision of design certification by HSSME <sup>(1)</sup>	44	-	-
Matmer Corporation Sdn Bhd	HSSE	<ul style="list-style-type: none"> <li>Datuk Ir. Kunasingam A/L V. Sittampalam</li> <li>Vanessa A/L Santhakumar</li> </ul>	<ul style="list-style-type: none"> <li>Datuk Ir. Kunasingam A/L V. Sittampalam is a director and shareholder of Matmer Corporation Sdn Bhd. He is also a director of HEB.</li> <li>Vanessa A/P Santhakumar is a director and shareholder of Matmer Corporation Sdn Bhd and substantial shareholder of Flamingo, our Promoter.</li> </ul>	Rental of premises from Matmer Corporation Sdn Bhd <sup>(2)</sup>	1,679	1,679	2,075
HSSI	BGV	<ul style="list-style-type: none"> <li>Datuk Ir. Kunasingam A/L V. Sittampalam</li> <li>Dato' Ir. Nitchiananthan A/L Balasubramaniam</li> <li>Dato' Ir. Khairudin bin Sidek</li> </ul>	Datuk Ir. Kunasingam A/L V. Sittampalam, Dato' Ir. Nitchiananthan A/L Balasubramaniam and Dato' Ir. Khairudin bin Sidek are directors and shareholders of HSSI. They are also directors of HEB.	Provision of BIM services to HSSI <sup>(2)</sup>	-	452	288



**10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**

Transacting parties	Company within our Group	Interested Promoters/Directors /Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions		
					FYE 2013	FYE 2014	FYE 2015
					RM'000		
HSSI	HBS	<ul style="list-style-type: none"> <li>• Datuk Ir. Kunasingam A/L V. Sittampalam</li> <li>• Dato' Ir. Nitchiananthan A/L Balasubramaniam</li> <li>• Dato' Ir. Khairudin bin Sidek</li> </ul>	Datuk Ir. Kunasingam A/L V. Sittampalam, Dato' Ir. Nitchiananthan A/L Balasubramaniam and Dato' Ir. Khairudin bin Sidek are directors and shareholders of HSSI. They are also directors of HEB.	Provision of BIM services to HSSI <sup>(2)</sup>	-	4	-

**Notes:-**

(1) These recurrent related party transactions are transacted pursuant to the exclusive arrangement between HSSI and HSSME to collaborate, co-operate and work together with HSSE to bid for, procure, obtain, or otherwise provide services for potential engineering and construction works and projects and to undertake all professional engineering services related to the projects as registered professional engineers under the REA with each party contributing to the Collaboration, their relevant area of competency and expertise.

Please refer to Section 6.2 of this Prospectus for details of the Teaming and Support Services Agreement.

These recurrent related party transactions are therefore expected to reoccur after Listing and will be transacted based on the terms and conditions as set out in the Teaming and Support Services Agreement. Shareholders' mandate will be sought for these recurrent related party transactions after Listing. Our Group's operations are dependent on these recurrent related party transactions.

(2) These recurrent related party transactions are expected to reoccur after Listing. Shareholders' mandate will be sought for these recurrent related party transactions after Listing.

**10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)****10.1.1.2 Non-Recurrent Related Party Transactions**

Transacting parties	Company within our Group	Interested Promoters/Directors /Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions		
					FYE 2013	FYE 2014	FYE 2015
					RM'000		
HSS Asia Pacific Sdn Bhd (in the midst of striking off) <sup>(1)</sup>	HSSE	Datuk Ir. Kunasingam A/L V. Sittampalam	HSS Asia Pacific Sdn Bhd is accustomed and under an obligation to act in accordance with the directions, instructions or wishes of Datuk Ir. Kunasingam A/L V. Sittampalam who is our Promoter, substantial shareholder and director.	Write off of amount due from HSS Asia Pacific Sdn Bhd <sup>(2)</sup>	-	717	-
Global Horizon Project Management Sdn Bhd <sup>(1)</sup>	HSSE	Datuk Ir. Kunasingam A/L V. Sittampalam	Global Horizon Project Management Sdn Bhd is accustomed and under an obligation to act in accordance with the directions, instructions or wishes of Datuk Ir. Kunasingam A/L V. Sittampalam who is our Promoter, substantial shareholder and director.	Write off of amount due from Global Horizon Project Management Sdn Bhd <sup>(2)</sup>	-	488	-

**10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**

Transacting parties	Company within our Group	Interested Promoters/Directors /Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions		
					FYE 2013	FYE 2014	FYE 2015
					RM'000		
Pelanduk Permai Sdn Bhd (liquidated) <sup>(1)</sup>	HSSE	Datuk Ir. Kunasingam A/L V. Sittampalam	Pelanduk Permai Sdn Bhd is accustomed and under an obligation to act in accordance with the directions, instructions or wishes of Datuk Ir. Kunasingam A/L V. Sittampalam who is our Promoter, substantial shareholder and director.	Waiver of amount due to Pelanduk Permai Sdn Bhd <sup>(2)</sup>	-	404	-

**Notes:-**

- (1) These companies are special purpose vehicles which were set up by our Promoters with strategic partners to bid for certain projects in Malaysia. Such amounts represent expenses incurred in the bidding of the projects, and have remained outstanding since 2001. As precursor to our Listing, we had in 2014 undertaken a group wide exercise to clean up our balance sheet resulting in the write-offs of the amount due to HSSE totalling RM1.2 million and waiver of an amount owing by HSSE of RM0.4 million. Further details are as follows:-
- (a) HSS Asia Pacific Sdn Bhd was originally set up by the then directors and major shareholders Datuk Ir. Kunasingam A/L V. Sittampalam and the late Datuk Ir. Santhakumar A/L C. Sivasubramaniam to bid for projects outside Malaysia. The nature of the amount due from HSS Asia Pacific Sdn Bhd relates to expenses incurred for professional fees, travelling charges, entertainment charges, audit fees, tax fees and secretarial fees. HSS Asia Pacific Sdn Bhd has since ceased operations and is in the midst of being struck off. As such, the outstanding amount is not recoverable.
- (b) Global Horizon Project Management Sdn Bhd was set up with strategic partners to bid for projects in Malaysia. The nature of the amount due from Global Horizon Project Management Sdn Bhd relates to expenses incurred for professional fees, travelling charges, entertainment charges, audit fees, tax fees and secretarial fees. As at 31 December 2014, Global Horizon Project Management Sdn Bhd has ceased business operations and has no plans to resume business. As such, the outstanding amount is not recoverable.

**10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**

- (c) Pelanduk Permai Sdn Bhd was set up as an investment property holdings company and has been dormant since 2004. The company is in the process of liquidation. Prior to the liquidation exercise, Pelanduk Permai Sdn Bhd waived the amount due by HSSE as precursor to the Listing i.e. a group wide exercise to clean up our Group's balance sheet. This amount represented shareholders' advance given to HSSE via Pelanduk Permai Sdn Bhd for the purposes of financing HSSE's working capital.

- (2) These related party transactions are not expected to reoccur after Listing.

The DDWG and our Directors (save for Datuk Ir. Kunasingam A/L V. Sittampalam, Dato' Ir. Nitchiananthan A/L Balasubramaniam and Dato' Ir. Khairudin bin Sidek) are of the view that the above recurrent related party transactions were conducted on an arm's length basis and were carried out in the ordinary course of business and on competitive commercial terms not more favourable to the related parties than those generally available to the public and were not to the detriment of our minority shareholders.

Moving forward and as provided under the Listing Requirements, in order to mitigate any potential conflict of interest arising from any recurrent related party transactions, our Board shall seek the approval from our non-interested shareholders for a mandate to continue to enter into such recurrent transactions at the next general meeting of our Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions in our ordinary course of business without the need to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

In the event there are any proposed related party transactions that require the prior approval of shareholders, the Directors, major shareholders and/or persons connected with a Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

**10.2 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CLIENTS AND OUR SUPPLIERS**

As at the LPD, save for our Directors' and substantial shareholders' interests in HSSI and HSSME, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations which are:-

- (a) carrying on a similar or related trade as HEB Group; or
- (b) clients and/or suppliers of HEB Group.

**10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)****10.3 OTHER TRANSACTIONS****10.3.1 Transactions that are Unusual in their Nature or Conditions**

The DDWG and our Directors have confirmed that there were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or any of subsidiaries were a party in respect of the past three (3) FYEs 2013 to 2015.

**10.3.2 Outstanding Loans (Including Guarantees of Any Kind)**

Save as disclosed below, there were no outstanding loans (including guarantees of any kind) made to/by us to or for the benefit of any related party in respect, for the past three (3) FYEs 2013 to 2015:-

- (a) HSSE had on 12 February 2014 executed a guarantee agreement in favour of SNCL – Lavalin (Malaysia) Sdn Bhd ("SNCL") as beneficiary, pursuant to which HSSE had agreed to guarantee the payment obligations of HSSI under an unincorporated joint venture formed between HSSI and SNCL ("HSSI-SNCL JV") ("Guarantee"). The HSSI-SNCL JV is governed by an Amended and Restated Joint Venture Agreement dated 9 February 2011 (as amended by the Amendment to the Amended and Restated Joint Venture Agreement dated 3 January 2013 ("Amended JVA 2013") and Amending Agreement to the Amended and Restated Joint Venture Agreement dated 12 February 2014 ("Amended JVA 2014") (collectively, the "JVA").

HSSI-SNCL JV was formed to provide independent consulting engineering services ("ICE Services") in respect of the Projek Mass Rapid Transit Lembah Kelang: Jajaran Sungai Buloh - Kajang ("Project"), which was owned by Syarikat Prasarana Negara Berhad ("SPNB") (now known as Prasarana Malaysia Berhad).

SPNB had subsequently assigned the Project to Mass Rapid Transit Corporation Sdn Bhd ("MRT") and at the request of SPNB, MRT appointed HSSI-SNCL JV to provide the ICE Services. The terms of the appointment is governed by the Independent Consultant Engineer Services Agreement dated 10 February 2012 ("the ICE Agreement"), as amended by the Variation Order dated 7 February 2014 ("the Variation Order"). The Variation Order seeks to confirm the additional scope of service for the HSSI-SNCL JV but, the actual execution of the additional services is to be solely undertaken by HSSI. The Variation Order prompted the execution of the Amended JVA 2014.

Pursuant to the JVA, all monies received for the ICE Services are to be held in the bank account of HSSI-SNCL JV and all payments must be jointly authorised by HSSI and SNCL. The Guarantee was procured to ensure SNCL will receive their share of monies due for work performed under the ICE Agreement in consideration of SNCL accepting the Variation Order and entering into the Amended JVA 2014. This is due to the fact that SNCL will not be involved in the Variation Order and will not have control over the additional services to be performed under the Variation Order. As such, SNCL required the Guarantee to ensure that they will receive their portion of monies for work that they have performed.

The payment obligations under the Guarantee only arise if SNCL fails to receive monies due for work performed by SNCL in the event MRT withholds payment for the work performed under the ICE Agreement as a result of HSSI's execution of the additional services under the Variation Order.

**10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**

The DDWG and our Directors (save for Datuk Ir. Kunasingam A/L V. Sittampalam, Dato' Ir. Nitchiananthan A/L Balasubramaniam and Dato' Ir. Khairudin bin Sidek) are of the view that the Guarantee was issued in the ordinary course of our business and is not to the detriment of our minority shareholders as pursuant to the Teaming and Support Services Agreement between HSSI and HSSE, all the support services in relation to the Project and ICE Services are contracted to HSSE.

Although there is a cross indemnity within the Teaming and Support Services Agreement, HSSE's indemnity liability is only triggered if any liability incurred by HSSI arose from HSSE's act, omission or negligence. In respect of the Project, any liability of HSSI-SNCL JV in respect of the ICE Services is limited to ten percent (10%) of the fees for the ICE Services.

As at the LPD, total amount paid and received from the client, MRT amounted to RM182.4 million equivalent to 81.3% of the progress of the project. The remaining contracted but unbilled amount is approximately RM41.9 million. Billed and unpaid amounts stand at RM3.3 million. HSSI-SNCL JV allows a credit period of sixty (60) days for its billing. Therefore, HSSE's exposure to unpaid billings of HSSI-SNCL JV as at the LPD is RM1.6 million, being SNCL's portion. Should the amount not be paid, HSSI-SNCL JV would not continue its services and hence will not continue to bill for the remaining contract period. There is hitherto no default in payment by MRT of the invoice issued by HSSI-SNCL JV.

**10.3.3 Promotions of Material Assets**

None of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within the past three (3) FYE 2013 to 2015, acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to us.

**10.3.4 Transactions Entered Into with M&A Securities**

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:-

- (a) Agreement dated 28 August 2014 between HSSE and M&A Securities for the appointment of M&A Securities as Adviser, Sponsor and Placement Agent for our Listing; and
- (b) Underwriting Agreement dated 15 June 2016 entered into between our Company and M&A Securities for the underwriting of 23,931,000 Issue Shares.

---

**10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**

---

**10.4 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS**

- (a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Adviser, Sponsor, Underwriter and Placement Agent for our Listing;
- (b) Messrs Deol & Gill has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing;
- (c) Messrs Azman, Wong, Salleh & Co. has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and
- (d) Protégé has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the IMR for our Listing.

**[ The rest of this page is intentionally left blank ]**

**11. FINANCIAL INFORMATION****11.1 HISTORICAL FINANCIAL INFORMATION****11.1.1 Combined Statements of Profit or Loss and Other Comprehensive Income**

Our audited combined statements of profit or loss and other comprehensive income have been prepared on the assumption that HEB Group has operated as a single economic entity throughout the FYEs 2013 to 2015.

The following table sets out a summary of our audited combined statements of profit or loss and other comprehensive income for the FYEs 2013 to 2015. The following selected historical financial information should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 of this Prospectus and the Accountants' Report and related notes set out in Section 12 of this Prospectus.

The selected historical financial information included in this Prospectus does not purport to predict our Group's financial position, results and cash flows.

	<b>Combined Group</b>		
	<b>FYE 2013</b>	<b>FYE 2014</b>	<b>FYE 2015</b>
	<b>RM'000</b>		
Revenue	101,449	104,575	121,503
Cost of sales	(71,828)	(67,373)	(80,775)
GP	29,621	37,202	40,728
Other income	423	1,248	1,156
Operating expenses	(20,313)	(23,935)	(26,868)
Profit from operations	9,731	14,515	15,016
Finance costs	(842)	(1,095)	(1,296)
PBT	8,889	13,420	13,720
Taxation	(2,181)	(4,271)	(3,586)
<b>PAT</b>	<b>6,708</b>	<b>9,149</b>	<b>10,134</b>
EBIT	9,731	14,515	15,016
Depreciation and amortisation	1,215	1,252	1,430
EBITDA	10,946	15,767	16,446
Gross profit margin (%)	29.2	35.6	33.5
PBT margin (%)	8.7	12.8	11.3
PAT margin (%)	6.6	8.7	8.3
Effective tax rate (%)	24.5	31.8	26.1
Gross EPS (sen) <sup>(1)</sup>	3.48	5.26	5.37
Net EPS (sen) <sup>(1)</sup>	2.63	3.58	3.97
Diluted net EPS (sen) <sup>(2)</sup>	2.10	2.86	3.17

**Notes:-**

- (1) Calculated based on our issued and paid-up share capital of 255,264,810 Shares in issue before our IPO.
- (2) Calculated based on our enlarged issued and paid-up share capital of 319,081,010 Shares after our IPO.



**11. FINANCIAL INFORMATION (Cont'd)****11.1.2 Pro Forma Consolidated Statements of Financial Position**

The following table sets out a summary of the pro forma consolidated statements of financial position of our Group based on our audited combined financial statements as at 31 December 2015 to show the effects of the Acquisitions of Subsidiaries and Public Issue.

The pro forma consolidated statements of financial position is presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' letter together with the notes and assumptions accompanying the Pro forma Consolidated Statements of Financial Position as set out in Section 13 of this Prospectus.

	HEB	Pro forma Group	
		I	II
	As at 31 December 2015	After Acquisitions of Subsidiaries	After I and Public Issue
		RM'000	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	-	5,492	5,492
Intangible assets	-	1,122	1,122
Deferred tax assets	-	48	48
	-	6,662	6,662
<b>CURRENT ASSETS</b>			
Trade receivables	-	53,296	53,296
Other receivables, deposits and prepayments	1,430	5,883	4,453
Tax recoverable	-	566	566
Short term deposits with licensed banks	-	10,284	34,284
Cash and bank balances	*	611	2,749
	1,430	70,640	95,348
<b>TOTAL ASSETS</b>	<b>1,430</b>	<b>77,302</b>	<b>102,010</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	*	25,526	31,908
Share premium	-	-	22,326
Foreign currency translation reserve	-	265	265
(Accumulated losses)/retained profits	(7)	10,149	10,149
<b>TOTAL EQUITY</b>	<b>(7)</b>	<b>35,940</b>	<b>64,648</b>
<b>NON-CURRENT LIABILITIES</b>			
Hire purchase payables	-	917	917
Retirement benefit obligations	-	60	60
Deferred tax liabilities	-	177	177
	-	1,154	1,154

**11. FINANCIAL INFORMATION (Cont'd)**

	HEB	Pro forma Group	
		I	II
	As at 31 December 2015	After Acquisitions of Subsidiaries	After I and Public Issue
	RM'000		
<b>CURRENT LIABILITIES</b>			
Trade payables	-	19,212	19,212
Other payables, accruals and provisions	4	4,034	4,034
Amount due to related parties	1,433	2,368	2,368
Hire purchase payables	-	749	749
Taxation	-	77	77
Bank overdraft (secured)	-	13,768	9,768
	1,437	40,208	36,208
<b>TOTAL LIABILITIES</b>	1,437	41,362	37,362
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,430</b>	<b>77,302</b>	<b>102,010</b>
Number of Shares in issue ('000)	^	255,265	319,081
NA / (Net liabilities)	(7)	35,940	64,648
NA / (Net liabilities) per Share (RM)	(70.00)	0.14	0.20
Borrowings (All interest bearing debts)	-	15,434	11,434
Gearing (times)	-	0.43	0.17
Current ratio (times)	1.00	1.76	2.63

**Notes:-**

\* Representing RM10 only.

^ Representing 100 Shares only.

**[ The rest of this page is intentionally left blank ]**

**11. FINANCIAL INFORMATION (Cont'd)****11.1.3 Audited Combined Statements of Financial Position**

The following table sets out our audited combined statements of financial position of our Group for the FYEs 2013 to 2015:-

	<b>Combined Group</b>		
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
	<b>FYE 2013</b>	<b>FYE 2014</b>	<b>FYE 2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4,110	4,025	5,492
Intangible assets	1,349	1,346	1,122
Deferred tax assets	-	11	48
	<u>5,459</u>	<u>5,382</u>	<u>6,662</u>
<b>CURRENT ASSETS</b>			
Trade receivables	38,161	46,740	53,296
Other receivables, deposits and prepayments	2,640	2,609	5,883
Amount due from related parties	1,971	-	-
Amount due from directors	16	-	-
Tax recoverable	-	-	566
Short term deposits with licensed banks	7,506	8,985	10,284
Cash and bank balances	1,892	753	611
	<u>52,186</u>	<u>59,087</u>	<u>70,640</u>
<b>TOTAL ASSETS</b>	<b>57,645</b>	<b>64,469</b>	<b>77,302</b>
<b>EQUITY AND LIABILITIES</b>			
Invested equity	6,302	6,302	6,302
Foreign currency translation reserve	(76)	(20)	265
Retained earnings	10,107	19,244	29,373
<b>TOTAL EQUITY</b>	<u>16,333</u>	<u>25,526</u>	<u>35,940</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade advances	3,640	-	-
Finance lease payables	61	-	-
Hire purchase payables	362	431	917
Retirement benefit obligations	16	34	60
Deferred tax liabilities	485	210	177
Amount due to related parties	-	728	-
	<u>4,564</u>	<u>1,403</u>	<u>1,154</u>
<b>Current liabilities</b>			
Trade payables	10,990	9,979	19,212
Other payables, accruals and provisions	4,019	4,361	4,034
Trade advances	2,912	-	-
Amount due to related parties	3,761	5,846	2,368
Amount due to directors	-	2	-
Finance lease payables	402	9	-
Hire purchase payables	209	458	749
Taxation	187	2,086	77
Bank overdraft (secured)	14,268	14,799	13,768
	<u>36,748</u>	<u>37,540</u>	<u>40,208</u>
<b>TOTAL LIABILITIES</b>	<b>41,312</b>	<b>38,943</b>	<b>41,362</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>57,645</b>	<b>64,469</b>	<b>77,302</b>

**11. FINANCIAL INFORMATION (Cont'd)****11.1.4 Audited Combined Statements of Cash Flows**

The following table sets out our audited combined statements of cash flows of our Group for the FYEs 2013 to 2015:-

	<b>Combined Group</b>		
	<b>FYE 2013</b>	<b>FYE 2014</b>	<b>FYE 2015</b>
	<b>RM'000</b>		
<b>Cash flows from operating activities</b>			
PBT	8,889	13,420	13,720
Adjustments for:-			
(Reversal)/allowance for impairment losses on trade receivables	*	(120)	462
Depreciation of property, plant and equipment	879	839	969
Amortisation of intangible assets	336	413	461
Interest on finance lease and hire purchase	102	80	83
Interest on bank overdrafts	740	1,015	1,212
Interest income from short-term deposits	(204)	(208)	(261)
Employee benefits expense	2	6	12
Provision for compensated absences	2	1,353	499
Reversal of provision for compensated absences	-	*	(198)
Trade receivables written-off	5	498	82
Amount due from directors written off	-	16	-
(Gain)/loss on disposal of property, plant and equipment and intangible assets	(1)	(17)	*
Property, plant and equipment written off	154	18	-
Accruals written back	-	-	(194)
Amount due from related parties written-off	-	1,205	-
Waiver of amount due to related parties	-	(403)	-
<b>Operating profit before working capital changes</b>	<b>10,904</b>	<b>18,115</b>	<b>16,847</b>
Changes in working capital:-			
Increase in trade receivables	(12,575)	(8,957)	(7,099)
(Increase)/decrease in other receivables, deposits and prepayments	(1,006)	31	(3,274)
Decrease in amount due from related parties	309	766	-
Decrease in amount due from directors	5,508	-	-
Increase/(decrease) in trade payables	873	(1,011)	9,233
Increase/(decrease) in amount due to related parties	2,864	3,217	(4,206)

**11. FINANCIAL INFORMATION (Cont'd)**

	<b>Combined Group</b>		
	<b>FYE 2013</b>	<b>FYE 2014</b>	<b>FYE 2015</b>
	<b>RM'000</b>		
Decrease in trade advances	(2,912)	(6,552)	-
(Decrease)/increase in amount due to directors	(16)	2	(2)
Decrease in other payables, accruals and provisions	(613)	(1,011)	(434)
<b>Cash generated from operations</b>	<b>3,336</b>	<b>4,600</b>	<b>11,065</b>
Taxation paid	(1,873)	(2,658)	(6,227)
<b>Net cash generated from operating activities</b>	<b>1,463</b>	<b>1,942</b>	<b>4,838</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(1,048)	(570)	(1,366)
Purchase of intangible assets	(422)	(195)	(216)
Proceeds from disposal of property, plant and equipment and intangible assets	40	177	1
Interest received on short-term deposits	204	208	261
Proceeds from invested equity	-	-	*
<b>Net cash used in investing activities</b>	<b>(1,226)</b>	<b>(380)</b>	<b>(1,320)</b>
<b>Cash flows from financing activities</b>			
Dividend paid	(6,812)	-	-
Payment of finance lease financing	(513)	(454)	(9)
Payment of hire purchase financing	(86)	(252)	(244)
Withdrawal/(placement) of fixed deposits pledged	390	279	(357)
Interest paid on finance lease and hire purchase	(102)	(80)	(83)
Interest paid on bank overdrafts	(740)	(1,015)	(1,212)
<b>Net cash used in financing activities</b>	<b>(7,863)</b>	<b>(1,522)</b>	<b>(1,905)</b>
<b>Net (decrease)/increase in cash and cash equivalents during the year</b>	<b>(7,626)</b>	<b>40</b>	<b>1,613</b>
Effect of exchange rate changes on cash and cash equivalents	21	48	218
Cash and cash equivalents at beginning of year	(4,771)	(12,376)	(12,288)
<b>Cash and cash equivalents at end of year</b>	<b>(12,376)</b>	<b>(12,288)</b>	<b>(10,457)</b>

**11. FINANCIAL INFORMATION (Cont'd)**

Components of cash and cash equivalents as at 31 December 2013, 31 December 2014 and 31 December 2015 respectively:-

	<b>Combined Group</b>		
	<b>FYE 2013</b>	<b>FYE 2014</b>	<b>FYE 2015</b>
	<b>RM'000</b>		
Cash and bank balances	1,892	753	611
Short term deposits with licensed banks	7,506	8,985	10,284
Bank overdrafts (secured)	(14,268)	(14,799)	(13,768)
	(4,870)	(5,061)	(2,873)
Less: Short term deposits pledged with licensed banks	(7,506)	(7,227)	(7,584)
	<b>(12,376)</b>	<b>(12,288)</b>	<b>(10,457)</b>

**Note:-**

\* Represents amount less than RM1,000.

**11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and segmental analysis of our audited results for the FYEs 2013 to 2015 should be read in conjunction with the combined financial statements and the notes thereon as set out in the Accountants' Report included in Section 12 of this Prospectus.

Our combined financial statements have been prepared in accordance with MFRS and IFRS for the FYEs 2013 to 2015. Our combined financial statements have been prepared as if our Group had operated together as a single economic entity throughout the FYEs 2013 to 2015.

The discussion and analysis contains data derived from our audited results as well as forward-looking statements that involve risks and uncertainties. The actual results may differ significantly from those projected in the forward looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this prospectus, particularly the risk factors that may have a significant impact on our future performances as set in Section 4 of this Prospectus.

**11.2.1 Overview of our Operations****(a) Principal Activities**

Our Group is principally engaged in the provision of engineering and project management services which can be segmented into three (3) core services category:-

- (i) Engineering services comprising engineering design and construction supervision;
- (ii) Project management services; and
- (iii) BIM services.

---

**11. FINANCIAL INFORMATION (Cont'd)**

---

We are able to provide end-to-end integrated engineering and project management services from conception to commissioning. However, in light of Malaysia's regulatory framework as elaborated in Section 6.1 of this Prospectus, our local services offering are limited to providing the Support Services which forms a significant portion of engineering services. Through the Collaboration with HSSI and HSSME, we assist HSSI and HSSME to deliver comprehensive engineering services to their clients.

Please refer to Section 6 of this Prospectus for our Group's detailed business overview.

In line with our future plans as set out in Section 6.4 of this Prospectus, we will focus on venturing into niche sectors to cover the provision of Support Services to the water and power generation sectors both locally and internationally. Please refer to Section 11.2.1(e) of this Prospectus for significant factors affecting our business and Section 4 of this Prospectus for the risk factors that may affect our revenue and financial performance.

**(b) Revenue Drivers**

Our Group's revenue for the financial years under review, were mainly derived from the following segments:-

- (i) Engineering services
  - (a) Engineering design
  - (b) Construction supervision
- (ii) Project management
- (iii) BIM services

Please refer to Section 6 of this Prospectus for our Group's detailed business overview. Save for BIM services which are undertaken by BGV and HBS, the rest of the revenue segment is captured by HSSE.

During the three (3) financial years under review, our engineering services and project management segment have consistently contributed more than 90% of our Group's revenue. The contribution from the BIM services segment to our Group's revenue has been less than 5% since its inception in FYE 2012. Please refer to Sections 11.2.2(a)(i) and (ii) of this Prospectus for further analysis of our Group's revenue by subsidiaries and activities.

Moving forward, our Board expects the engineering services and project management segments undertaken by HSSE to remain as the main revenue and PAT contributors to our Group.

---

**11. FINANCIAL INFORMATION (Cont'd)**

---

**(c) Cost Structure**

Our cost of sales comprise the following key elements:-

**(i) Manpower Costs**

The sole cost components for manpower supply are the payroll / salaries and disbursements of the personnel engaged. The recruitment of manpower is obtained from a list of engineers and other technical personnel primarily from our own database.

**(ii) Sub-consultancy**

Under the Collaboration, sub-consultants are engaged due to the need for professionals who have different technical knowledge and considerable experiences in various other activities within engineering and project management services on an ad hoc basis for which we may not have the capacity or capability to provide.

**(iii) Reimbursable Expenses**

Reimbursable expenses consist of expenses paid / payable to sub-consultants which are reimbursed back from clients.

**(iv) Design Certification Fees**

This is the fees charged by our related parties, HSSI and HSSME in relation to its certification services rendered to our subsidiary, HSSE. Prior to FYE 2014, the fees payable to HSSI and HSSME are computed based on a fixed percentage of 2.5% applied on billings (except for reimbursable billings) invoiced by HSSE to HSSI or HSSME. With effect from 1 January 2014, the design certification fees were replaced by a revenue sharing arrangement between HSSI and HSSME with HSSE. Under the revenue sharing arrangement, all fee billings invoiced by HSSE to HSSI or HSSME will be at a rate of 98.75% of all invoices raised by HSSI or HSSME to the clients, and HSSI or HSSME will retain the balance 1.25% of the invoices billed to the clients subject to an aggregate of RM1,250,000 per annum. This retention rate was adjusted to 1.25% in line with the growth in the revenue generated from the Collaboration in recent years. Please refer to Section 6.2.1 for full details on the basis of using this retention rate.

**(d) Recent Developments**

Save for the Acquisition of HSSI and Acquisition of HSSME, there were no significant events subsequent to our Group's audited combined financial statements for FYE 2015.



---

**11. FINANCIAL INFORMATION (Cont'd)**

---

**(e) Significant Factors Affecting our Business**

Section 4 of this Prospectus details a number of risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect revenues and profits include but are not limited to the following:-

**(i) Continuity of our Order Book**

Our key subsidiary, HSSE provides Support Services for engineering and project management services which include engineering design, project management and construction supervision services to the construction industry.

Our services are engaged on project-basis, which will generally be on average for a period between twenty four (24) to sixty (60) months depending on the size and complexity of the project. Unlike appointment on a retainer basis generating recurring revenue, the nature of our appointments necessitates us to secure new projects of similar or larger value on a continuous basis, and should we fail to do so, the financial performance of our Group maybe adversely affected.

However, we have established close working relationships with the clients through the Collaboration. We have received repeat orders from the major clients, most of whom have more than five (5) years' working relationship with us under the Collaboration.

**(ii) Duration of Contracts**

Our Group's revenue is dependent on the duration of our contracts. Contracts generally consist of long term and short term contracts. Long term contracts are typically awarded on a twenty four (24) to sixty (60) months duration while short term contracts are for durations less than twenty four (24) months.

Our revenue is recognised by reference to the stage of completion of our services to any particular contract as at the end of each reporting period.

The profit from an individual project can be affected by a number of factors, some of which are beyond our control. These include, amongst others, the availability of technical data and/or client's confirmation on site specific issues. Our Group has an operating procedure to mitigate delays and cost overruns by facilitating framing sessions to define each project objective and methodology to be adopted.

Our project management team conducts periodical reviews with clients during the implementation phase of a project. There will also be a monthly progress meetings held with client's management to continuously manage client's expectations, monitor work progress and to be proactive to any anticipated issues that may arise.

**11. FINANCIAL INFORMATION (Cont'd)****(iii) Impact on Project Margins**

Our cost of sales mainly comprises manpower and sub-consultancy cost. Manpower and sub-consultancy cost had consistently accounted for more than 90% of our cost of sales over the three (3) financial years under review.

	Combined Group					
	FYE 2013		FYE 2014		FYE 2015	
	RM'000	% of cost of sales	RM'000	% of cost of sales	RM'000	% of cost of sales
Manpower cost	40,336	56.1	40,595	60.3	50,198	62.1
Sub-consultancy cost	27,952	38.9	24,477	36.3	29,045	36.0
	<b>68,288</b>	<b>95.0</b>	<b>65,072</b>	<b>96.6</b>	<b>79,243</b>	<b>98.1</b>

Our project margins are based on the type and nature of the contract and our fees are based on:-

- (aa) a pre-determined percentage applied on the total construction value of the project; or
- (bb) a pre-determined multiplier factor applied on the total costs of the manpower to be deployed for the project.

Further analysis of our cost of sales components for the three (3) financial years under review are set out as follows:-

Manpower cost

	Combined Group					
	FYE 2013		FYE 2014		FYE 2015	
	RM'000	% of cost of sales	RM'000	% of cost of sales	RM'000	% of cost of sales
Salaries, wages, bonuses and allowances	36,801	51.2	36,989	54.9	46,038	57.0
EPF and SOSCO	3,535	4.9	3,606	5.4	4,160	5.1
	<b>40,336</b>	<b>56.1</b>	<b>40,595</b>	<b>60.3</b>	<b>50,198</b>	<b>62.1</b>

Our Group is highly dependent on manpower supply as it is the largest cost component within our cost of sales. Manpower cost accounted for 56.1% to 62.1% of our cost of sales for the past three (3) FYEs 2013 to 2015.

**11. FINANCIAL INFORMATION (Cont'd)**Sub-consultancy cost

	<b>Combined Group</b>					
	<b>FYE 2013</b>		<b>FYE 2014</b>		<b>FYE 2015</b>	
	<b>RM'000</b>	<b>% of cost of sales</b>	<b>RM'000</b>	<b>% of cost of sales</b>	<b>RM'000</b>	<b>% of cost of sales</b>
Engineering consultancy fees	27,309	38.0	23,874	35.4	28,739	35.6
BIM consultancy fees	643	0.9	603	0.9	306	0.4
	<b>27,952</b>	<b>38.9</b>	<b>24,477</b>	<b>36.3</b>	<b>29,045</b>	<b>36.0</b>

Sub-consultants are engaged to provide various services on a back-to-back arrangements between HSSI / HSSME and us pursuant to the Teaming and Support Services Agreement. The sub-consultants engaged are professionals who have in-depth technical knowledge and considerable experiences in various activities within engineering and project management services. The number of sub-consultants during the past three (3) FYEs 2013 to 2015 are as follows:-

	<b>Combined Group</b>		
	<b>FYE 2013</b>	<b>FYE 2014</b>	<b>FYE 2015</b>
Number of sub-consultants	48	59	79

Sub-consultancy cost is the second largest cost of sales component after manpower cost, having accounted for 36.0% to 38.9% of our cost of sales for the past three (3) FYEs 2013 to 2015.

Further analysis of our key cost components over the past three (3) financial years under review is set out in Section 11.2.2(b) of this Prospectus.

**(iv) Competition Risks**

The engineering and project management services industry is highly competitive and we face competition from various engineering and project management services companies, both domestic and international companies. Competitive pressures may result in highly competitive pricing in order to secure a contract, which may affect our financial performance.

Notwithstanding the competitive environment of the industry, our Group is confident that our competitive advantages, reputable track record and strength will give our Group the edge needed to maintain or secure more contracts and market share within the scope of engineering and project management services under the Collaboration. In addition, we constantly seek proactive measures to mitigate competition risk and to seek new opportunities through the constant review of our service offering and marketing strategies in response to the ever-changing market conditions and the adoption of new information technology to improve and value-add our service offering.

**11. FINANCIAL INFORMATION (Cont'd)**

Further details of our competitors and our competitive strengths are set out in Sections 7 and 6.3 of this Prospectus.

**(f) Exceptional and Extraordinary Items and Audit Qualifications**

There were no exceptional or extraordinary items during the three (3) financial years under review. In addition, our audited combined financial statements for the three (3) financial years under review were not subject to any audit qualifications.

**11.2.2 Review of Operations****(a) Revenue**

The revenue analysis of our Group by subsidiaries, activities and geographical locations for the past three (3) FYEs 2013 to 2015 is set out in the subsections below.

The year-on-year commentary on our revenue is set out in Section 11.2.2 (a)(iv) below.

**(i) Analysis of Revenue by Subsidiaries**

The breakdown of our revenue by subsidiaries is as follows:-

	<b>Combined Group</b>					
	<b>FYE 2013</b>		<b>FYE 2014</b>		<b>FYE 2015</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
HSSE	97,597	94.3	99,674	92.5	117,543	95.2
BGV	3,080	3.0	4,529	4.2	2,383	1.9
HBS	2,761	2.7	3,569	3.3	3,460	2.9
	<u>103,438</u>	<u>100.0</u>	<u>107,772</u>	<u>100.0</u>	<u>123,386</u>	<u>100.0</u>
Less: Inter-company revenue <sup>(1)</sup>	<u>(1,989)</u>		<u>(3,197)</u>		<u>(1,883)</u>	
	<b><u>101,449</u></b>		<b><u>104,575</u></b>		<b><u>121,503</u></b>	

**Note:-**

- <sup>(1)</sup> The consolidation adjustments are in relation to the elimination of inter-company transactions within our Group.

[ The rest of this page is intentionally left blank ]

**11. FINANCIAL INFORMATION (Cont'd)**

The year-on-year changes in revenue generated by our subsidiaries are as follows:-

	Combined Group					
	FYE 2013		FYE 2014		FYE 2015	
	Year-on-year increase/(decrease) in revenue					
	RM'000	%	RM'000	%	RM'000	%
HSSE	24,328	33.2	2,077	2.1	17,869	17.9
BGV	3,033	>100.0	1,449	47.0	(2,146)	(47.3)
HBS	2,696	>100.0	808	29.2	(109)	(3.0)
Group <sup>(1)</sup>	28,097	38.3	3,126	3.1	16,928	16.2

**Note:-**

(1) Being our Group's revenue post inter-company elimination

During the three (3) financial years under review, HSSE has consistently contributed more than 90% of our Group's revenue. The total contribution from BGV and HBS who are both involved in the BIM services segment is still less than 5% of our Group's total revenue since its inception in FYE 2012. The contribution from BGV and HBS grew by more than 100% in FYE 2013, given a full year of operations in FYE 2013.

**(ii) Analysis of Revenue by Activities**

The breakdown of our revenue by activities is as follows:-

	Combined Group					
	FYE 2013		FYE 2014		FYE 2015	
	RM'000	%	RM'000	%	RM'000	%
<b>Engineering services</b>						
-Engineering design	38,149	37.6	32,985	31.5	46,306	38.1
-Construction supervision	32,243	31.8	36,811	35.2	39,100	32.1
<b>Project management</b>	23,861	23.5	25,401	24.3	28,541	23.5
<b>BIM services</b>	3,852	3.8	4,901	4.7	3,960	3.3
<b>Reimbursable income</b>	3,344	3.3	4,477	4.3	3,596	3.0
	<b>101,449</b>	<b>100.0</b>	<b>104,575</b>	<b>100.0</b>	<b>121,503</b>	<b>100.0</b>

**11. FINANCIAL INFORMATION (Cont'd)**

	<b>Combined Group</b>					
	<b>FYE 2013</b>		<b>FYE 2014</b>		<b>FYE 2015</b>	
	<b>Year-on-year increase/(decrease) in revenue</b>					
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>Engineering services</b>						
- Engineering design	8,650	29.3	(5,164)	(13.5)	13,321	40.3
- Construction supervision	15,839	96.6	4,568	14.2	2,289	6.2
<b>Project management</b>	(1,919)	(7.4)	1,540	6.5	3,140	12.3
<b>BIM services</b>	3,769	>100.0	1,049	27.2	(941)	(19.2)
<b>Reimbursable income</b>	1,758	>100.0	1,133	33.9	(881)	(19.6)
	<b>28,097</b>	<b>38.3</b>	<b>3,126</b>	<b>3.1</b>	<b>16,928</b>	<b>16.2</b>

Our engineering services segment which comprises engineering design and construction supervision and project management segment are undertaken by HSSE. These segments have consistently contributed more than 90% of our Group's revenue during the three (3) financial years under review.

Our BIM services segment is undertaken by BGV and HBS. This segment contributed less than 5% of our Group's total revenue since its commercialisation in FYE 2012 and accounted for 3.3% of our revenue in FYE 2015. The contribution from the BIM services segment grew by more than 100% in FYE 2013, given a full year of operations.

**(iii) Analysis of Revenue by Geographical Locations**

For the three (3) FYEs 2013 to 2015, approximately 94% to 98% of our Group's revenue was generated locally, while approximately 2% to 6% was generated overseas, mainly from India, Brunei and Middle East.

**(iv) Commentary of Revenue****Comparison between FYE 2014 and FYE 2013**

Our Group's revenue in FYE 2014 increased marginally by RM3.1 million or 3.1% from RM101.4 million in FYE 2013 to RM104.6 million in FYE 2014.

The increase was mainly due to the increase in billings from those projects related to our construction supervision, project management and BIM services segments but was partially offset by reduced in billings from design projects.

**(aa) Engineering Design**

Design jobs posted a decrease in revenue of RM33.0 million as compared to RM38.1 million in FYE 2013, representing a decrease of RM5.1 million or 13.5%.

During FYE 2013, this segment had benefitted from a one-time billing of RM9.7 million from the LRT Ampang Line Extension-Variation Order project which was not recurrent in FYE 2014. Further, in FYE 2014 there was also a reduction in design billings for the LRT Ampang Line

**11. FINANCIAL INFORMATION (Cont'd)**

Extension by RM3.6 million. As a result, the total decrease in billings from this project alone resulted in a decrease in revenue by RM13.3 million.

The decrease was worsened by a decline in billings from other completed design jobs. They were:-

- site preparation works for the Refinery and Petrochemicals Integrated Development (RAPID) project, Pengerang, Johor which billings decreased by RM1.1 million;
- Container Yard 4, 5, 6 & 7 at Westports project which billings decreased by RM1.6 million; and
- Manjung Power Plant project which billings decreased by RM2.6 million.

However, the decrease in billings was partially cushioned by the increase in billings from newly secured contracts in FYE 2014. They were:-

- Big Dutchman Warehouse project which generated billings of RM0.8 million;
- Proposed Bandar Melaka project which generated billings of RM0.9 million;
- Implementation of 3 Major Roads Project And Undersea Third Link Tunnel In Penang project which generated billings of RM1.1 million;
- Kuantan Port Expansion project which generated billings of RM1.1 million; and
- Sungai Pulai Bridge & Access Road project which generated billings of RM1.2 million.

In addition to the above, the decrease was also partially compensated by the billings for RM4.0 million for Westports Wharf (4, 5, 6, 7 & 33 kv) project.

**(bb) Construction Supervision**

Supervision jobs posted an increase in revenue of RM36.8 million as compared to RM32.2 million in FYE 2013, representing an increase of RM4.6 million or 14.2%.

The increase in revenue were mainly due to continued increase in supervision billings for the construction of the:-

- North-South Expressway Fourth Lane Widening between Nilai (Utara) Interchange and Seremban which billings increased by RM0.4 million; and
- LRT Ampang Line Extension which billings increased by RM6.4 million.

**11. FINANCIAL INFORMATION (Cont'd)**

However, the increase was partially offset by lower billings of:-

- RM1.0 million for Container Yard 4, 5, 6 and 7 at the Westports project; and
- other completed projects totalling RM1.1 million.

**(cc) Project Management**

Project management jobs posted higher revenue of RM25.4 million as compared to RM23.9 million in FYE 2013, representing a marginal increase of RM1.5 million or 6.5%.

The increase in revenue was mainly due to billings contributed by newly secured contracts in FYE 2014. They were:-

- Affordable Homes Housing project implemented by Lembaga Perumahan Hartanah Selangor which generated billings of RM0.17 million;
- IKEA Store project which generated billings of RM1.6 million;
- Kwasa Damansara Township project which generated billings of RM2.3 million; and
- MRT Line 1 Independent Contractors Assessment Performance project which generated billings of RM2.4 million.

Nevertheless, the increase was partially offset by the decrease in billings for 5,500 Houses for the National Housing Scheme of Brunei Darussalam project which billings decreased by RM4.0 million and South Klang Valley Expressway (SKVE) project which billings decreased by RM1.3 million in tandem with the status of completion of these projects.

**(dd) BIM Services**

BIM services posted revenue of RM4.9 million in FYE 2014, which was fairly consistent with the revenue of RM3.8 million in FYE 2013.

**Comparison between FYE 2015 and FYE 2014**

Our Group's revenue in FYE 2015 increased by RM16.9 million or 16.2% from RM104.6 million in FYE 2014 to RM121.5 million in FYE 2015.

The increase was mainly due to the increase in revenue from those projects related to our engineering design, construction supervision and project management but was partially offset by the decrease in revenue from BIM services segments.

**(aa) Engineering Design**

Design projects posted higher revenue of RM46.3 million as compared to RM33.0 million in FYE 2014, representing an increase of RM13.3 million or 40.3%. This was mainly attributable to the revenue contributed from both existing and new design projects. They were:-



**11. FINANCIAL INFORMATION (Cont'd)**

- final billings of Monorail Bogie (RM0.5 million);
- Kuantan Port Expansion (RM1.1 million);
- Proposed Metro Project in Northern State (Penang) (RM2.4 million);
- Refinery and Petrochemicals Integrated Development Project (RAPID), Pengerang, Johor (RM2.9 million);
- Implementation of 3 major roads project and Undersea Third Link Tunnel In Penang (RM8.2 million); and
- LRT Ampang Line Extension Alternate Design Review which saw billings increased by RM6.4 million.

However, the increase was partially offset by the decrease in certain projects in conjunction with their progress of completion. They were:-

- New Pay TV Provider for Asian Broadcasting Networks (RM0.2 million);
- Structural Assessment and Remedial Proposal for Jacking/Weighing Supports and Skidtracks Supports (RM0.4 million);
- KL Eco City (RM0.8 million); and
- West Coast Expressway (RM7.5 million).

**(bb) Construction Supervision**

Supervision projects posted slightly higher revenue of RM39.1 million in FYE 2015 as compared to RM36.8 million in FYE 2014, representing a marginal increase of RM2.30 million or 6.2%.

The increase was mainly due to the supervision revenue contributed by newly secured projects in year 2014. They were:-

- Ampang Line Extension-Station 1 Mixed Development (RM0.4 million);
- other Westports related projects (RM0.7 million);
- Kuantan Port Expansion (RM0.8 million); and
- Refinery and Petrochemicals Integrated Development Project (RAPID), Pengerang, Johor (RM1.2 million).

Supervision revenue from existing projects such as North-South Expressway Fourth Lane Widening between Nilai (Utara) Interchange and Seremban increased by RM0.8 million in line with the progress of the project.

**11. FINANCIAL INFORMATION (Cont'd)**

However, the increase was partially offset by the decrease in revenue for:-

- PERKESO Rehabilitation centre at Melaka (RM0.1 million) in FYE 2015;
- supervision of a completed job, i.e. Manjung power plant (RM0.4 million); and
- supervision of LRT Ampang Line Extension by RM1.3 million in line with its man-month schedule.

**(cc) Project Management**

Project management projects posted higher revenue of RM28.5 million as compared to RM25.4 million in FYE 2014, representing an increase of RM3.1 million or 12.3%.

Two (2) newly secured projects in FYE 2015 contributed to the increase in revenue. They were:-

- East Klang Valley Expressway (EKVE) project (RM0.9 million); and
- MRT Line 2 - Jajaran Sg. Buloh – Serdang- Putrajaya project (RM4.8 million).

The increase was also contributed by the increased revenue of RM0.4 million for MRT Line 1 - Jajaran Sg. Buloh – Kajang- Independent Contractors Assessment Performance project.

However, the increase was partially offset by the decrease in revenue of:-

- IKEA Store project (RM1.2 million);
- RM0.4 million for the 5,500 Houses for the National Housing Scheme of Brunei Darussalam project; and
- RM1.2 million for the South Klang Valley Expressway (SKVE) project in line with the completion of these projects.

**(dd) BIM Services**

BIM services project posted lower revenue of RM4.0 million as compared to RM4.9 million in FYE 2014, represented a decrease of RM0.9 million or 19.2%.

The decrease was mainly due to decrease in revenue of RM2.5 million for MRT Line 1 - Jajaran Sg. Buloh - Kajang Stations/Depots – Northern and Southern Package in FYE 2015 in line with the progress of work completed in the project.

**11. FINANCIAL INFORMATION (Cont'd)**

However, the decrease was partially offset by the increase in revenue contributed by newly secured jobs in 2014 and 2015. They were:-

- Proposed Service Apartment at Kajang Utama;
- Proposed High End Condominium at Jalan Kia Peng;
- Kwasa Damansara Township;
- UDA Corporate Office; and
- Proposed Development of 13-Storey Office Tower on Lot 2C4, Precinct 2.

All these new projects contributed a total revenue of RM1.0 million in FYE 2015.

**(b) Cost of Sales, GP and GP Margin**

The analysis of our cost of sales, GP and GP margins by subsidiaries and by activities for the past three (3) FYEs 2013 to 2015 is explained in the subsections below.

The year-on-year commentary on our cost of sales, GP and GP margin is set out in Section 11.2.2 (b)(v) below.

**(i) Analysis of Cost of Sales by Subsidiaries**

The breakdown of our cost of sales by subsidiaries is as follows:-

	<b>Combined Group</b>					
	<b>FYE 2013</b>		<b>FYE 2014</b>		<b>FYE 2015</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
HSSE	70,414	95.4	65,834	93.3	78,807	95.3
BGV	2,599	3.5	3,371	4.8	2,230	2.7
HBS	804	1.1	1,365	1.9	1,621	2.0
	<u>73,817</u>	<u>100.0</u>	<u>70,570</u>	<u>100.0</u>	<u>82,658</u>	<u>100.0</u>
Less: Inter-company cost <sup>(1)</sup>	<u>(1,989)</u>		<u>(3,197)</u>		<u>(1,883)</u>	
	<u>71,828</u>		<u>67,373</u>		<u>80,775</u>	

**Note:-**

- (1) The consolidation adjustments are in relation to the elimination of inter-company transactions within our Group.

**11. FINANCIAL INFORMATION (Cont'd)**

The year-on-year changes in cost of sales incurred by our subsidiaries are as follows:-

	Combined Group					
	FYE 2013		FYE 2014		FYE 2015	
	RM'000	%	RM'000	%	RM'000	%
	<b>Year-on-year increase/(decrease) in cost of sales</b>					
HSSE	23,490	50.1	(4,580)	(6.5)	12,973	19.7
BGV	2,570	>100.0	772	29.7	(1,141)	(33.8)
HBS	650	>100.0	561	69.7	256	18.7
Group <sup>(1)</sup>	24,750	52.6	(4,455)	(6.2)	13,402	19.9

**Note:-**

<sup>(1)</sup> Being our Group's cost of sales post inter-company elimination

**(ii) Analysis of Cost of Sales by Activities**

The breakdown of our cost of sales by activities is as follows:-

	Combined Group					
	FYE 2013		FYE 2014		FYE 2015	
	RM'000	%	RM'000	%	RM'000	%
<b>Engineering services</b>						
- <b>Engineering design</b>	<b>31,202</b>	<b>43.5</b>	<b>24,641</b>	<b>36.5</b>	<b>34,799</b>	<b>43.1</b>
• Manpower costs	17,232	24.0	17,182	25.5	21,987	27.2
• Sub-consultancy	12,856	17.9	7,370	10.9	12,670	15.7
• Design certification fees	992	1.4	-	-	-	-
• Others	122	0.2	89	0.1	142	0.2
- <b>Construction supervision</b>	<b>23,721</b>	<b>33.0</b>	<b>25,815</b>	<b>38.3</b>	<b>26,796</b>	<b>33.2</b>
• Manpower costs	14,249	19.8	13,692	20.3	15,438	19.1
• Sub-consultancy	8,666	12.1	12,123	18.0	11,358	14.1
• Design certification fees	806	1.1	-	-	-	-
<b>Project management</b>	<b>14,468</b>	<b>20.1</b>	<b>12,711</b>	<b>18.9</b>	<b>15,534</b>	<b>19.2</b>
• Manpower costs	8,084	11.2	8,330	12.4	10,823	13.4
• Sub-consultancy	5,787	8.1	4,381	6.5	4,711	5.8
• Design certification fees	597	0.8	-	-	-	-

**11. FINANCIAL INFORMATION (Cont'd)**

	Combined Group					
	FYE 2013		FYE 2014		FYE 2015	
	RM'000	%	RM'000	%	RM'000	%
<b>BIM services</b>	<b>1,414</b>	<b>2.0</b>	<b>1,994</b>	<b>3.0</b>	<b>2,256</b>	<b>2.8</b>
• Manpower costs	771	1.1	1,391	2.1	1,950	2.4
• Sub-consultancy	643	0.9	603	0.9	306	0.4
<b>Reimbursable expenses</b>	<b>1,023</b>	<b>1.4</b>	<b>2,212</b>	<b>3.3</b>	<b>1,390</b>	<b>1.7</b>
	<b>71,828</b>	<b>100.0</b>	<b>67,373</b>	<b>100.0</b>	<b>80,775</b>	<b>100.0</b>

The year-on-year changes in cost of sales incurred by our subsidiaries are as follows:-

	Combined Group					
	FYE 2013		FYE 2014		FYE 2015	
	RM'000	%	RM'000	%	RM'000	%
	<b>Year-on-year increase/(decrease) in cost of sales</b>					
	RM'000	%	RM'000	%	RM'000	%
<b>Engineering services</b>						
- Engineering design	8,700	38.7	(6,561)	(21.0)	10,158	41.2
- Construction supervision	14,611	160.4	2,094	8.8	981	3.8
<b>Project management</b>	569	4.1	(1,757)	(12.1)	2,823	22.2
<b>BIM services</b>	1,260	818.2	580	41.0	262	13.1
<b>Reimbursable expenses</b>	(390)	(27.6)	1,189	116.2	(822)	(37.1)
	<b>24,750</b>	<b>52.6</b>	<b>(4,455)</b>	<b>(6.2)</b>	<b>13,402</b>	<b>19.9</b>

**(iii) Analysis of GP and GP Margin by Subsidiaries**

The breakdown of our GP and GP margin by subsidiaries is as follows:-

	Combined Group					
	FYE 2013		FYE 2014		FYE 2015	
	RM'000	GP margin, %	RM'000	GP margin, %	RM'000	GP margin, %
HSSE	27,183	27.8	33,840	34.0	38,736	32.9
BGV	481	15.6	1,158	25.6	153	6.4
HBS	1,957	70.9	2,204	61.7	1,839	53.1
	<b>29,621</b>	<b>29.2</b>	<b>37,202</b>	<b>35.6</b>	<b>40,728</b>	<b>33.5</b>

**11. FINANCIAL INFORMATION (Cont'd)****(iv) Analysis of GP and GP Margin by Activities**

The breakdown of the GP and GP margin by activities is as follows:-

	<b>Combined Group</b>					
	<b>FYE 2013</b>		<b>FYE 2014</b>		<b>FYE 2015</b>	
	<b>RM'000</b>	<b>GP margin, %</b>	<b>RM'000</b>	<b>GP margin, %</b>	<b>RM'000</b>	<b>GP margin, %</b>
<b>Engineering services</b>						
- Engineering design	6,947	18.2	8,344	25.3	11,507	24.8
- Construction supervision	8,522	26.4	10,996	29.9	12,304	31.5
<b>Project management</b>	9,393	39.4	12,690	50.0	13,007	45.6
<b>BIM services</b>	2,438	63.3	2,907	59.3	1,704	43.0
<b>Reimbursable expenses</b>	2,321	69.4	2,265	50.6	2,206	61.3
	<b>29,621</b>	<b>29.2</b>	<b>37,202</b>	<b>35.6</b>	<b>40,728</b>	<b>33.5</b>

**(v) Commentary on cost of sales, GP and GP margin****Comparison between FYE 2014 and FYE 2013**

Our Group's revenue in FYE 2014 increased marginally by RM3.1 million or 3.1% from RM101.4 million in FYE 2013 to RM104.6 million in FYE 2014. On the contrary, our overall cost of sales for our Group decreased by RM4.5 million or 6.2% to RM67.4 million.

In FYE 2014, our GP increased from RM29.6 million to RM37.2 million while GP margins increased correspondingly from 29.2% to 35.6% mainly due to our revenue's growth of RM3.1 million (3%) vis-à-vis a reduction in cost of sales of RM4.5 million (6%). Apart from the overall decrease in sub-consultancy costs, the decrease in design certification fees (FYE 2014: Nil; FYE 2013: RM2.4 million) charged by our related parties, HSSI and HSSME, also contributed to the decrease in overall cost of sales. However, manpower costs remained relatively consistent at RM40.6 million in FYE 2014, a 0.64% increase from RM40.3 million in FYE 2013.

Prior to FYE 2014, HSSI and HSSME charged a fee calculated based on a fixed percentage of 2.5% applied to all billings except for reimbursable income invoiced by our HSSE. The fee was recorded by HSSE as design certification fee, and included as part of the costs of sales until FYE 2013. The fee charged by HSSI and HSSME was in return for its certification services provided to HSSE. Please refer to Section 11.2.1(c)(iv) of this Prospectus on detailed explanation on this.

In line with the rationalisation of the certification services provided by HSSI and HSSME, the certification fees charged on HSSE was removed with effect from 1 January 2014 and replaced by a revenue sharing arrangement. All fee billings invoiced by HSSE to HSSI or HSSME will be at a rate of 98.75% of all invoices raised by HSSI or HSSME to the clients, and HSSI or HSSME will retain the balance 1.25% of the invoices billed to the clients.

**11. FINANCIAL INFORMATION (Cont'd)**

---

In summary, the fee charged by HSSI or HSSME was reduced to 1.25% and this was imposed indirectly on HSSE via a lower billing invoiced at 98.75% to HSSI or HSSME instead of full amount at 100%.

**(aa) Engineering Design**

Design jobs posted a decrease in revenue of RM33.0 million in FYE 2014 as compared to RM38.1 million in FYE 2013, representing a decrease of RM5.1 million or 13.5%.

In FYE 2014, cost of sales for design jobs decreased from RM31.2 million to RM24.6 million, representing a decrease of RM6.6 million or 21.0%. This improvement was attributed by lesser works required from sub-consultants which were evidenced by the decrease in their costs of RM5.5 million in tandem with the decrease in revenue as well as higher revenue share with HSSI and HSSME arising from the 1.25% retention by HSSI and HSSME vis-à-vis 2.5% design certification fees billed by HSSI and HSSME prior to FYE 2014. Manpower costs during the year remain relatively unchanged.

As a result, our GP margin improved from 18.2% to 25.3% in FYE 2014.

**(bb) Construction Supervision**

Supervision jobs posted an increase in revenue of RM36.8 million as compared to RM32.2 million in FYE 2013, representing an increase of RM4.6 million or 14.2%. On the other hand, cost of sales for this segment increased at a slower rate by only RM2.1 million or 8.8% to RM25.8 million, which includes a marginal decrease of RM0.6 million or 3.9% in manpower costs. The increase was largely from higher sub-consultancy costs due to back-to-back billings of RM12.1 million for the LRT Ampang Line Extension project. While we have recorded RM12.1 million of revenue from this back-to-back arrangement, we have at the same time incurred a cost of sales of the entire RM12.1 million as well.

As a result, GP margin improved from 26.4% in FYE 2013 to 29.9% in FYE 2014. The improvement in GP margin was again attributable to the higher revenue shared with HSSI and HSSME as they reduced their retention to 1.25% of invoices billed as explained above.

**(cc) Project Management**

Project management jobs posted higher revenue of RM25.4 million as compared to RM23.9 million in FYE 2013, representing a marginal increase of RM1.5 million or 6.5%. Despite the increase in revenue, cost of sales for project management jobs decreased from RM14.5 million to RM12.7 million in FYE 2014. Manpower costs increased marginally by RM0.2 million or 3%.

As a result, our GP increased from RM9.4 million to RM12.7 million in FYE 2014, with improvement in GP margin from 39.4% to 50.0%.

This improvement in margin was contributed by lower works required from sub-consultants which were evidenced by the decrease in their costs of RM1.4 million coupled with higher revenue shared with HSSI and HSSME as they reduced their retention to 1.25% of invoices billed as

**11. FINANCIAL INFORMATION (Cont'd)**

explained above. The older projects which require higher sub-consultants' works were nearing completion in FYE 2014 and hence, resulted in the overall decrease in sub-consultancy costs.

**(dd) BIM Services**

BIM services posted higher revenue of RM4.9 million in FYE 2014 from RM3.8 million in FYE 2013, representing an increase of RM1.0 million or 27.2%. Our BIM services recorded cost of sales of RM2.0 million in FYE 2014 as compared to RM1.4 million in FYE 2013. Manpower costs grew by 80.4% which contributed to RM0.6 million of the increase in cost of sales due to more staff recruited to cope with more BIM projects.

Despite a drop in GP margin from 63.3% to 59.3% in FYE 2014, BIM segment continues to contribute positively to our GP for FYE 2014, increasing from RM2.4 million to RM2.9 million. The lower GP margin was mainly due to the recruitment of more professional employees to cope with the increase in BIM related jobs which had led to the increase in its manpower costs.

**Comparison between FYE 2015 and FYE 2014**

Our Group's revenue in FYE 2015 increased substantially by RM16.9 million or 16.2%. The increase in our Group's revenue also led to increase in our overall cost of sales by RM13.4 million or 19.9% to RM81.0 million in FYE 2015. This had resulted in the GP margin to reduce marginally to 33.5% in FYE 2015 from 35.6% in FYE 2014.

The increase in cost of sales was generally due to higher manpower costs across all of our business segments as compared to the increase in project revenue, arising from, inter alia, bonus payouts, salary increments, training and mobilisation of staff for new projects. Further details are set out in the subsections below.

**(aa) Engineering Design**

Our engineering design segment recorded a GP margin of 24.8% during FYE 2015, slightly lower than the GP margin of 25.3% recorded in FYE 2014.

Manpower costs increased by RM4.8 million in FYE 2015 or 28.0%, attributable to the increase in staff headcount as compared to FYE 2014. More professional staff were required in line with the increase in engineering design projects. Also, bonus payment of RM1.8 million in FYE 2015 contributed to the increase in staff costs.

Sub-consultancy costs increased from RM7.3 million in FYE 2014 to RM12.7 million in FYE 2015, an increase of RM5.3 million or 71.9%, in line with the substantial increase in engineering design revenue. However, due to the nature and complexity of different projects involved, the increase in sub-consultancy costs was higher in proportion than the increase in revenue.

The above two (2) factors had resulted in a decrease in GP margin despite the increase in revenue in FYE 2015.



**11. FINANCIAL INFORMATION (Cont'd)****(bb) Construction Supervision**

GP margin from our construction supervision segment increased slightly from 29.9% in FYE 2014 to 31.5% in FYE 2015.

Staff costs increased by RM1.7 million or 12.8% which was in line with the increase in construction supervision revenue. No major changes were noted for sub-consultancy costs which was consistent with the minimal increase in overall construction supervision revenue. This had resulted in the GP margin remaining relatively consistent during FYE 2015.

**(cc) Project Management**

GP margin from our project management segment slightly reduced from 50.0% in FYE 2014 to 45.6% in FYE 2015 despite the increase in revenue by 12.3%.

The decrease in GP margin is mainly due to an increase in staff costs by RM2.5 million or 29.9%. This was mainly due to the mobilisation in staff headcount for new project, MRT Line 2.

There was no major changes for sub-consultancy costs despite the increase in revenue in FYE 2015 mainly due to the MRT Line 1 – Independent Contractors Assessment Performance project which had contributed to the increase in revenue but did not require involvement of sub-consultants. In addition, two (2) newly secured projects in 2015, i.e. East Klang Valley Expressway (EKVE) project and MRT Line 2 project which had contributed to the increase in revenue only required minimal sub-consultants during the initial stage.

In addition, higher manpower costs was also incurred for foreign professional expatriates recruited and deployed to MRT Line 2 project.

**(dd) BIM Services**

The GP margin from our BIM services deteriorated from 59.3% in 2014 to a lower GP margin of 43.0% in FYE 2015. This was mainly attributable to the decrease in BIM services revenue by 19.2% coupled with cost of sales increased by 13.1%.

The increase in cost of sales despite the decrease in revenue was mainly due to increase in staff costs resulted from the increase in training staff in HBS and salary increments. The recruitment of more training staff was required to cater for the increase in BIM training courses conducted by HBS. Also, there was a senior personnel of BGV who only commenced his job in July 2014 and hence his full year's salary was only realised in FYE 2015 which had resulted in the increase in overall staff costs.

The above factors had caused a lower GP margin in FYE 2015 as compared to the GP margin recorded in FYE 2014.

**11. FINANCIAL INFORMATION (Cont'd)****(c) Other Income**

The breakdown of our other income for the three (3) FYEs 2013 to 2015 is as follows:-

	<b>Combined Group</b>					
	<b>FYE 2013</b>		<b>FYE 2014</b>		<b>FYE 2015</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Interest income on short term deposits	204	48.2	208	16.6	261	22.6
Gain on foreign exchange	215	50.8	56	4.5	639	55.3
Gain on disposal of property, plant and equipment and intangible assets	1	0.3	17	1.4	-	-
Waiver of amount due to related party	-	-	403	32.4	-	-
Bad debt recovered and reversal of impairment loss on trade receivables	-	-	494	39.6	-	-
Accruals written back	-	-	-	-	194	16.8
Others	3	0.7	70	5.5	62	5.3
	<b>423</b>	<b>100.0</b>	<b>1,248</b>	<b>100.0</b>	<b>1,156</b>	<b>100.0</b>

Other income for the three (3) FYEs 2013 to 2015 is mainly derived from our main subsidiary, HSSE.

Other income generated throughout the review period was consistently from interest earned from short term deposits placed with banks and gain arising from foreign exchange fluctuations.

The substantial increase in gains on foreign exchange in FYE 2015 was mainly attributed to the weakening of RM in year 2015 resulting in higher collection from trade receivable denominated in BND and AED. The accruals written back were mainly related to bonus expenses of HBS which were overprovided in prior year.

Our other income increased by more than 100% in FYE 2014 mainly due to the reversal of impairment loss on trade receivables and bad debt recovered and a one-off waiver of amount due to related party, Pelanduk Permai Sdn Bhd. The reversal of impairment loss on trade receivables was attributable to the subsequent collection of debts of which impairment loss had been recognised previously.

**[ The rest of this page is intentionally left blank ]**

**11. FINANCIAL INFORMATION (Cont'd)****(d) Operating Expenses and Finance Costs**

The breakdown of our operating expenses and finance costs for the three (3) FYEs 2013 to 2015 is as follows:-

**(i) Analysis of Operating Expenses and Finance Costs by Subsidiaries**

More than 88% of our operating expenses were incurred by HSSE during the three (3) FYEs 2013 to 2015 as shown below:-

	Combined Group					
	FYE 2013		FYE 2014		FYE 2015	
	RM'000	% of operating expense	RM'000	% of operating expense	RM'000	% of operating expense
HEB	-	-	-	-	7	0.0
HSSE	18,812	88.9	22,041	88.0	24,659	87.6
BGV	23	0.1	127	0.5	211	0.7
HBS	1,478	7.0	1,767	7.0	1,991	7.1
	<b>20,313</b>	<b>96.0</b>	<b>23,935</b>	<b>95.5</b>	<b>26,868</b>	<b>95.4</b>

HEB was only incorporated on 23 January 2015 and therefore incurred only minimal operating expenses during FYE 2015.

100% of our finance costs were incurred by HSSE during the three (3) FYEs 2013 to 2015.

**(ii) Analysis of Operating Expenses and Finance Costs**

	Combined Group					
	FYE 2013		FYE 2014		FYE 2015	
	RM'000	%	RM'000	%	RM'000	%
<b>Operating costs</b>	<b>20,313</b>	<b>96.0</b>	<b>23,935</b>	<b>95.5</b>	<b>26,868</b>	<b>95.4</b>
- Staff costs	10,389	49.1	12,243	48.9	14,111	50.1
- Premises	3,438	16.2	3,486	13.9	4,314	15.3
- Administrative and general expenses	1,043	5.0	1,225	4.9	1,880	6.7
- Professional charges	875	4.1	1,196	4.7	1,614	5.7
- Travelling and accommodation	1,836	8.7	1,356	5.4	1,706	6.1
- Advertising and promotion	933	4.4	1,052	4.2	1,165	4.1
- Others	1,799	8.5	3,377	13.5	2,078	7.4
<b>Finance Costs</b>	<b>842</b>	<b>4.0</b>	<b>1,095</b>	<b>4.5</b>	<b>1,296</b>	<b>4.6</b>
	<b>21,155</b>	<b>100.0</b>	<b>25,030</b>	<b>100.0</b>	<b>28,164</b>	<b>100.0</b>

**11. FINANCIAL INFORMATION (Cont'd)**

The major portion of our operating expenses for the three (3) FYEs 2013 to 2015 were in relation to staff cost which represented between 48.9% to 50.1% of our total operating expenses and finance costs. Staff cost comprise salary with bonuses, allowances, overtime, gratuity and expenses in relation to staff benefits.

This was followed by rental of premises and travelling and accommodation which accounted for between 13.9% to 16.2% and 5.4% to 8.7% respectively of our total operating expenses and finance costs over the three (3) FYEs 2013 to 2015.

Finance costs which mainly consists of interest on bank overdrafts and interest on hire purchase and finance lease represents between 4.0% to 4.6% of our total operating expenses and finance costs over the three (3) FYEs 2013 to 2015. Our finance costs have been increasing from year-on-year in line with the increase in utilisation of bank overdraft, finance lease and hire purchase financing to finance our working capital in tandem with the increase in our revenue and acquisition of computer hardware and software.

**(e) PBT and PBT Margin**

The analysis of our PBT and PBT margins by subsidiaries for the three (3) FYEs 2013 to 2015 is explained in the subsections below.

The year-on-year commentary on our PBT and PBT margin is set out in Section 11.2.2 (e)(ii) below.

**(i) Analysis of PBT and PBT Margin by Subsidiaries**

The breakdown of our PBT by subsidiaries for the three (3) FYEs 2013 to 2015 is as follows:-

	Combined Group					
	FYE 2013		FYE 2014		FYE 2015	
	RM'000	PBT margin, %	RM'000	PBT margin, %	RM'000	PBT margin, %
HEB	-	-	-	-	<sup>(1)</sup> (7)	0.0
HSSE	7,865	8.1	11,942	12.0	13,729	11.7
BGV	458	14.9	1,032	22.8	(55)	(2.3)
HBS	566	20.4	446	12.5	53	1.5
	8,889	8.7	13,420	12.8	13,720	11.3

**Note:-**

- <sup>(1)</sup> LBT was recorded as the company was incorporated only on 23 January 2015, and as such incurred mostly administrative expenses without the corresponding revenue for the first year of operations.

**11. FINANCIAL INFORMATION (Cont'd)****(ii) Commentaries on PBT and PBT Margin by Subsidiaries****Comparison between FYE 2014 and FYE 2013**

PBT for FYE 2014 improved to RM13.4 million from RM8.9 million in FYE 2013. Correspondingly, PBT margin for our Group in FYE 2014 improved from 8.7% in FYE 2013 to 12.8% in FYE 2014.

**(aa) HSSE**

HSSE recorded a higher PBT of RM11.9 million in FYE 2014 as compared to its FYE 2013 PBT of RM7.9 million. Its PBT margin also improved from 8.1% in FYE 2013 to 12.0% in FYE 2014.

The improvement in PBT margin was largely due to the increase in overall GP margin from 27.8% to 34.0% in FYE 2014. This was partially offset by the leave pay expenses (RM1.3 million), write off of amounts due from related parties (RM1.2 million) and increase in bank overdraft interest (RM0.3 million). The said leave pay expenses (RM1.3 million) were recognised arising from the adoption of MFRS.

**(bb) BGV**

PBT improved from RM0.4 million in FYE 2013 to RM1.0 million in FYE 2014 while its PBT margin increased from 14.9% in FYE 2013 to 22.8% in FYE 2014.

The increase in PBT was directly related to the increase in GP due to the continued increase in billings for BIM projects.

**(cc) HBS**

PBT reduced marginally from RM0.5 million in FYE 2013 to RM0.4 million in FYE 2014 while its PBT margin decreased from 20.4% in FYE 2013 to 12.5% in FYE 2014.

Apart from the decrease in GP margin due to the increase in staff costs, the increase in other operating expenses by RM0.3 million or 19.0% also contributed to the adverse performance of PBT margin. Such operating expenses were rental of premises, office expenses, computer consumables and software licenses, equipment rental and depreciation on property, plant and equipment. The expenses were necessary to cater for the increase in number of staff.

**Comparison between FYE 2015 and FYE 2014****(aa) HSSE**

HSSE recorded a PBT of RM13.7 million in FYE 2015 as compared to a PBT of RM11.9 million in FYE 2014. This was mainly attributable to the increase in overall gross profit in year 2015 despite a minimal decrease in overall GP margin from 34.0% in FYE 2014 to 32.9% in FYE 2015.

However, the higher gross profit was partially offset by an increase in the operating expenses of HSSE, which increased by RM2.8 million or 12.1% to RM25.9 million in FYE 2015 from RM23.1 million in FYE 2014.

**11. FINANCIAL INFORMATION (Cont'd)**

---

The increase in operating expenses was mainly attributable to:-

- increase in professional charges by RM0.2 million due to legal and professional fee incurred in preparation for our Listing;
- increase in impairment on trade receivables by RM0.4 million;
- increase in computer software licenses by RM0.5 million for the upgrade of accounting software to comply with goods and service tax requirements and to cater for increase in number of staff;
- increase in staff group health insurance by RM0.5 million;
- increase in rental of premises by RM0.6 million due to increase in existing office headquarter rental rate effective from year 2015 and new offices rented at Penang and at Tower Block of Plaza Dwtasik; and
- the bonus payment in FYE 2015 amounting to RM1.6 million;

However, the increase was partially offset by the decrease in write off of amounts due from related parties of RM1.2 million which was one-off in nature in year 2014.

The above factors had resulted in an increase in PBT by RM1.8 million and constant PBT margin at 12% for both FYE 2015 and FYE 2014.

**(bb) BGV**

BGV recorded a loss before tax ("LBT") of RM55,000 for FYE 2015 as compared to a PBT of RM1,032,000 for FYE 2014. The LBT was mainly attributable to the significant lower GP margin arising from the decrease in BIM services revenue by RM2.1 million. Operating expenses of BGV increased marginally by RM84,000 in FYE 2015 mainly due to increase in office rental (RM56,000) and staff recruitment (RM36,000).

**(cc) HBS**

HBS recorded a minimal PBT of RM53,000 in FYE 2015 as compared to a PBT of RM446,000 in FYE 2014. The lower PBT recorded was mainly attributable to the reduction in GP margin from 61.7% in FYE 2014 to 53.1% in FYE 2015 arising from the increase in direct staff costs.

Operating expenses of HBS increased by RM224,000 in FYE 2015 mainly due to increase in non-technical staff costs (RM37,000), depreciation on property, plant and equipment (RM44,000), office-related expenses (RM113,000) and professional charges (RM23,000).

**11. FINANCIAL INFORMATION (Cont'd)****(f) Taxation**

The taxation and effective tax rate for the three (3) FYEs 2013 to 2015 are as follows:-

	<b>Combined Group</b>		
	<b>FYE 2013</b>	<b>FYE 2014</b>	<b>FYE 2015</b>
	<b>RM'000</b>		
Taxation	2,181	4,271	3,586
<b>Effective tax rate (%)</b>	<b>24.5</b>	<b>31.8</b>	<b>26.1</b>

Our effective tax rate for FYE 2015 was 26.1%, higher than the statutory tax rate of 25.0%. This was mainly due to the recurring non-tax deductible expenditure such as depreciation, legal and professional fees, business development and entertainment, gift and donations and restriction on certain interest expenses.

Our effective tax rate for FYE 2014 was 31.8%, higher than the effective tax rate of 26.1% in FYE 2015. This was mainly due to higher non-deductible expenses attributable to write off of amount due from related parties as disclosed in Section 10.1.2 in addition to the recurring non-tax deductible expenditure as mentioned above.

**11.3 LIQUIDITY AND CAPITAL RESOURCES****11.3.1 Working Capital**

We have been financing our operations through cash generated from our operations and external sources of funds. Our external sources of funds mainly comprise bank overdrafts and hire purchases. As at 31 December 2015, we have negative cash and cash equivalent of approximately RM10.4 million before taking into account short term deposits of RM7.6 million which are pledged to banks for credit facilities granted. Banking facilities amounting to approximately RM43.7 million, of which RM13.7 million has been drawn.

Based on the pro forma consolidated statements of financial position of our Group as at 31 December 2015 (after the Acquisitions of Subsidiaries before the Public Issue), our NA position stood at RM35.9 million and at a gearing level of 0.43 times. Our gearing level after the Acquisitions of Subsidiaries and Public Issue stands at 0.17 times.

Based on the pro forma consolidated statements of financial position of our Group as at 31 December 2015 (after the Acquisitions of Subsidiaries before the Public Issue), our Group has total current assets of RM70.6 million and current liabilities of RM40.2 million, amounting to RM30.4 million of net working capital. Net working capital is defined as the difference between current assets and current liabilities. Our current ratio (calculated as current assets over current liabilities) of 1.7 times as at 31 December 2015 reflects our ability to meet short-term obligations.

As at 31 December 2015, trade receivables represent the largest component in our current assets, accounting for 75.4% of our current assets.

Trade receivables turnover for the three (3) FYEs 2013 to 2015 were 111 days, 126 days and 119 days, respectively. The trade receivables turnover was computed based on trade receivables (excluding accrued billings) as at year end over revenue (excluding accrued billings) for each of the three (3) FYEs 2013 to 2015 multiplied by 365 days. Accrued billings are work performed but yet to be invoiced. Further discussion of our trade receivables turnover is set out in Section 11.7.1 of this Prospectus.

**11. FINANCIAL INFORMATION (Cont'd)**

Our Board is confident that, after taking into account our gearing and cash flow position as well as the banking facilities currently available to our Group, our working capital will be sufficient for our existing and foreseeable requirements for a period of twelve (12) months from the date of this Prospectus.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. From our past experiences, most of our customers have settled their outstanding balances promptly. Our finance department will work together closely with our technical departments for the collection of these outstanding balances on a monthly basis. This measure has proven to be effective while maintaining the cordial relationship with clients.

**11.3.2 Review of Cash Flow****(a) Cash Flow Summary**

The following table sets out the summary of the audited combined statements of cash flows for the financial years under review. The audited combined statements of cash flows should be read in conjunction with the Accountants' Report and related notes set out in Section 12 of this Prospectus.

	<b>Combined Group</b>		
	<b>FYE 2013</b>	<b>FYE 2014</b>	<b>FYE 2015</b>
	<b>RM'000</b>		
Net cash from operating activities	1,463	1,942	4,838
Net cash used in investing activities	(1,226)	(380)	(1,320)
Net cash used in financing activities	(7,863)	(1,522)	(1,905)
Net (decrease)/increase in cash and cash equivalents	(7,626)	40	1,613
Cash and cash equivalents at beginning of the year	(4,771)	(12,376)	(12,288)
Effect of exchange rate changes on cash and cash equivalents	21	48	218
<b>Cash and cash equivalents at end of the year</b>	<b>(12,376)</b>	<b>(12,288)</b>	<b>(10,457)</b>
<b>Cash and cash equivalents comprise the following:</b>			
Cash and bank balances	1,892	753	611
Short term deposits with licensed banks	7,506	8,985	10,284
Bank overdrafts (secured)	(14,268)	(14,799)	(13,768)
	(4,870)	(5,061)	(2,873)
Less: Short term deposits pledged with licensed banks	(7,506)	(7,227)	(7,584)
	<b>(12,376)</b>	<b>(12,288)</b>	<b>(10,457)</b>



**11. FINANCIAL INFORMATION (Cont'd)**

---

**(b) Commentary of Cash Flow****FYE 2013****Net Cash From Operating Activities**

In FYE 2013, our Group's cash inflow from operating activities was mainly due to our operating profit before working capital changes of RM10.9 million which was partially offset by RM7.6 million used to finance our working capital.

Net funds used to finance our working capital mainly include:-

- (i) An amount of RM12.6 million used to finance the increase in trade receivables. Such increase was mainly attributable to increase in our construction supervision and engineering design revenue, details of which are set out in Section 11.2.2(a)(iv) of this Prospectus;
- (ii) An amount of RM5.5 million received from the directors of HSSE being repayment of the amounts due to HSSE;
- (iii) An amount of RM2.9 million mainly attributable to the increase in amount due to related party (i.e. HSSI) arising from the increase in certification charges in tandem with the increase in our construction supervision and engineering design revenue as explained in the afore paragraph (i);
- (iv) An amount of RM2.9 million attributable to the decrease in trade advances resulted from the offset of the trade advances against the total monthly billings in FYE 2013 to the client for MRT Line 1 project; and
- (v) An amount of RM0.8 million financed by the increase in trade payables. Such increase was mainly attributable to increase in our sub-consultancy costs for construction supervision and engineering design as explained in Section 11.2.2(b)(v) of this Prospectus.

**Net Cash Used In Investing Activities**

In FYE 2013, the outflow in investing activities of RM1.2 million was mainly attributable to the capital expenditure incurred on office renovation of RM1.1 million and computer hardware and software of RM0.7 million.

**Net Cash Used In Financing Activities**

In FYE 2013, the outflow in financing activities of RM7.9 million was mainly due to dividend payment of RM6.8 million.

**FYE 2014****Net Cash From Operating Activities**

In FYE 2014, our Group's cash inflow from operating activities was mainly due to our operating profit before working capital changes of RM18.1 million which was partially offset by RM13.5 million used to finance our working capital.

**11. FINANCIAL INFORMATION (Cont'd)**

Net funds used to finance our working capital mainly include:-

- (i) An amount of RM9.0 million used to finance the increase in trade receivables. Such increase was mainly attributable to increase in our construction supervision and project management revenue, details of which are set out in Section 11.2.2(a)(iv) of this Prospectus;
- (ii) An amount of RM3.2 million mainly attributable to the increase in amount due to a related party (i.e. HSSI). The increase was mainly due to the reclassification in balances, from trade advance to amount due to related party. Such reclassification of balances is due to the rationalisation of certification services provided by HSSI as explained in Section 11.2.2(b)(v);
- (iii) An amount of RM6.5 million attributable to the decrease in trade advances resulted from the offset of the trade advances via total monthly billings in FYE 2014 to the client for the MRT Line 1 project and also due to the reclassification of trade advances to amount due to related party as explained in the afore paragraph (ii);
- (iv) An amount of RM1.0 million arose from the decrease in trade payables. Such decrease was mainly attributable to decrease in our sub-consultancy costs for engineering design and project management as explained in Section 11.2.2(b)(v) of this Prospectus; and
- (v) An amount of RM1.0 million due to the decrease in other payables mainly arising from the payment of employees' statutory contribution for December 2014 before year end 2014.

**Net Cash Used In Investing Activities**

In FYE 2014, the outflow in investing activities amounts to RM0.4 million mainly attributable to the capital expenditure incurred on office renovation (RM0.2 million), office equipment (RM0.1 million) and computer hardware and software (RM0.8 million). The outflow was partially offset by the proceeds of RM0.2 million received from disposal of motor vehicles and interest income on fixed deposits of RM0.2 million.

**Net Cash Used In Financing Activities**

In FYE 2014, the outflow in financing activities was mainly due to repayment of hire purchase and finance lease payables and interest payment on bank overdrafts of RM0.7 million and RM1.0 million respectively.

**FYE 2015****Net Cash From Operating Activities**

In FYE 2015, our Group's cash inflow from operating activities was mainly due to our operating profit before working capital changes of RM16.8 million which was partially offset by RM5.8 million used to finance our working capital.

---

**11. FINANCIAL INFORMATION (Cont'd)**

---

Net funds used to finance our working capital mainly include:-

- (i) An amount of RM7.1 million used to finance the increase in trade receivables. Such increase was mainly attributable to increase in our engineering design, construction supervision and project management revenue, details of which are set out in Section 11.2.2(a)(iv) of this Prospectus;
- (ii) An amount of RM9.2 million arose from the increase in trade payables. Such increase was mainly attributable to increase in our sub-consultancy costs for engineering design as explained in Section 11.2.2(b)(v) of this Prospectus;
- (iii) An amount of RM4.2 million mainly attributable to the decrease in amount due to a related party (i.e. HSSI). The decrease was mainly due to the recoupment of trade advances by RM2.91 million via offset of total monthly billings in FYE 2015 to the client for the MRT Line 1 project. There was a repayment of RM1.3 million in FYE 2015 also contributed to the decrease in amount due to HSSI; and
- (iv) An amount of RM3.3 million due to the increase in other receivables. The increase was mainly due to the prepayment of RM1.43 million pertaining to our IPO corporate exercise. The increase in deposits for our existing headquarter in line with the increase in rental, deposits for new offices at Tower Block of Plaza Dwtasik and increase in prepayment of Professional Indemnity Insurance for MRT Line 2 project secured in year 2015 had also contributed to the overall increase in other receivables.

**Net Cash Used In Investing Activities**

In FYE 2015, the outflow in investing activities amounts to RM1.3 million mainly attributable to the capital expenditure incurred on office renovation (RM0.4 million), office equipment (RM0.1 million), furniture and fittings (RM0.2 million) and computer hardware and software (RM0.8 million). The outflow was partially offset by the interest income on fixed deposits of RM0.3 million.

**Net Cash Used In Financing Activities**

In FYE 2015, the outflow in financing activities was mainly due to repayment of hire purchase and finance lease payables and interest payment on bank overdrafts of RM0.2 million and RM1.2 million respectively.

**[ The rest of this page is intentionally left blank ]**

**11. FINANCIAL INFORMATION (Cont'd)****11.4 BORROWINGS**

Our total outstanding borrowing as at 31 December 2015 stood at RM15.4 million, details of which are set out below. All our bank borrowings are interest-bearing.

	<b>Purpose</b>	<b>Security</b>	<b>Tenure</b>	<b>Interest rate</b>	<b>As at 31 December 2015</b>
					<b>RM'000</b>
<b>Interest bearing short-term borrowings, payable within one (1) year:-</b>					
Bank overdrafts	Working capital	<ul style="list-style-type: none"> <li>• Short term deposit</li> <li>• Personal guarantee by certain of our directors<sup>(3)</sup></li> <li>• Corporate guarantee by Dominant Sphere and HSSI<sup>(3)</sup></li> </ul>	On demand	Base Lending Rate + 0.75% to 1.25%	13,768
Hire purchase payables	To finance the purchase of property, plant and equipment	<ul style="list-style-type: none"> <li>• Property, plant and equipment financed</li> <li>• Joint and several guarantee by certain of our directors<sup>(3)</sup></li> </ul>	36 months	4.25%	749
<b>Interest bearing long-term borrowings, payable after one (1) year:-</b>					
Hire purchase payables	To finance the purchase of property, plant and equipment	<ul style="list-style-type: none"> <li>• Property, plant and equipment financed</li> <li>• Joint and several guarantee by certain of our directors<sup>(3)</sup></li> </ul>	36 months	4.25%	917
<b>Total borrowings</b>					<b>15,434</b>
<b>Pro forma Gearing (times)</b>					
After Acquisitions of Subsidiaries before the Public Issue <sup>(1)</sup>					0.43
After the Public Issue <sup>(2)</sup>					0.17

**11. FINANCIAL INFORMATION (Cont'd)****Notes:-**

- (1) Computed based on our pro forma shareholders fund of RM35.9 million in the pro forma consolidated statements of financial position after the Acquisitions of Subsidiaries before the Public Issue.
- (2) Computed based on our pro forma shareholders fund of RM64.6 million in the pro forma consolidated statements of financial position after the Acquisitions of Subsidiaries and Public Issue.
- (3) These corporate and personal guarantees are to be eventually lifted and be replaced by a corresponding guarantee from HEB subject to the completion of our IPO.

As explained in Section 11.2.1 (e) (iii), our cost of sales mainly comprises manpower and sub-consultancy cost. While we use every endeavour to match the timing of our sales collection with the timing of our payables to sub-consultants, manpower costs (which comprise mainly salaries, wages, allowances and statutory contributions) are nevertheless payable on a monthly basis. Our bank overdrafts (comprising mainly project-based financing) are used mainly to finance the timing differences between our cash inflow from sales collections and cash outflow for our monthly manpower costs obligations. Our trade receivables turnover for the three (3) FYEs 2013 to 2015 were 111 days, 126 days and 119 days, respectively.

Our pro forma gearing ratio is expected to improve from 0.4 times (before the Public Issue) to 0.2 times (after the Public Issue) due to the increase in shareholders fund arising from the issuance of new Shares pursuant to the Public Issue.

For the FYE 2015, the effective interest rate for our bank overdrafts was approximately 7.60% to 8.10% per annum. For the FYE 2015, the interest rate for our hire purchase payables is at a fixed rate of 4.25%.

As at the LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency. We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout the past three (3) FYEs 2013 to 2015 and the subsequent financial period up to LPD.

As at the LPD, neither our Group nor any of our subsidiaries is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

**11.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES**

As at the LPD, save for our borrowings as disclosed in this Prospectus, we do not utilise any other financial instruments.

We finance our operations mainly through cash generated from our operations, as well as external sources of funds which mainly comprise bank borrowings. Our bank overdraft as at 31 December 2015 is priced based on base lending rate plus a rate which varies depending on the different type of bank overdraft facility. Our hire purchase payables as at 31 December 2015 are based on fixed rate.

The principal usage of these cash resources are for working capital, purchases of new computer hardware and software, operating expenses as well as other expenses such as employee expenses, upkeep of equipment and travelling expenses.

**11. FINANCIAL INFORMATION (Cont'd)****11.6 MATERIAL CAPITAL COMMITMENTS**

Save as disclosed below, there are no other material commitments as at the LPD:-

	<b>RM'000</b>
<b>Authorised but not contracted for</b>	
HSSE	<u>2,525</u>

The breakdown of the capital commitments are as follows:-

	<b>RM'000</b>
Renovations	656
Computers	631
Motor vehicles	66
Furniture and fittings	65
Computer software	<u>1,107</u>
	<u>2,525</u>

These capital commitments will be financed from cash generated from our operations, as well as external sources of funds which mainly comprise bank borrowings. We expect the capital commitments to materialise fully in the last quarter of 2016.

**11.7 KEY FINANCIAL RATIOS**

The key financial ratios of our Group for the three (3) FYEs 2013 to 2015 are as follows:-

	<b>Combined Group</b>		
	<b>FYE 2013</b>	<b>FYE 2014</b>	<b>FYE 2015</b>
Trade receivable turnover (days) <sup>(1)</sup>	111	126	119
Trade payable turnover (days) <sup>(2)</sup>	122	112	151
Current ratio (times) <sup>(3)</sup>	1.4	1.6	1.7

**Notes:-**

<sup>(1)</sup> Computed based on adjusted trade receivables (less accrued billings) as at year end over adjusted revenue (less accrued billings) for the year multiplied by 365 days for the three (3) FYEs 2013 to 2015 as follows:-

	<b>Combined Group</b>		
	<b>FYE 2013</b>	<b>FYE 2014</b>	<b>FYE 2015</b>
	<b>RM'000</b>		
Trade receivables	38,161	46,740	53,296
Less: accrued billings	(10,349)	(16,082)	(20,279)
Adjusted trade receivables	<u>27,812</u>	<u>30,657</u>	<u>33,017</u>
Revenue	101,449	104,575	121,503
Less: accrued billings	(10,349)	(16,082)	(20,279)
Adjusted revenue	<u>91,100</u>	<u>88,493</u>	<u>101,224</u>

Accrued billings are work performed but yet to be invoiced.

**11. FINANCIAL INFORMATION (Cont'd)**

- (2) Computed based on adjusted trade payables (less accrued sub-consultancy costs) as at year end over adjusted sub-consultancy costs (less accrued sub-consultancy costs) for the year multiplied by 365 days for the three (3) FYEs 2013 to 2015 as follows:-

	<b>Combined Group</b>		
	<b>FYE 2013</b>	<b>FYE 2014</b>	<b>FYE 2015</b>
	<b>RM'000</b>		
Trade payables	10,990	9,979	19,212
Less: accrued sub-consultancy cost	(2,502)	(3,592)	(12,296)
<b>Adjusted trade payables</b>	<b>8,488</b>	<b>6,387</b>	<b>6,916</b>
Sub-consultancy cost	27,952	24,477	29,045
Less: accrued sub-consultancy cost	(2,502)	(3,592)	(12,296)
<b>Adjusted sub-consultancy cost</b>	<b>25,450</b>	<b>20,885</b>	<b>16,749</b>

Accrued sub-consultancy costs are work performed but yet to be invoiced by our sub-consultants.

- (3) Computed based on current assets over current liabilities as at year end for the three (3) FYEs 2013 to 2015.

The increase in trade payables turnover period from 112 days in FYE 2014 to 151 days in FYE 2015 was mainly attributable to the increase in adjusted trade payables from RM6.3 million in FYE 2014 to RM6.9 million in FYE 2015. This was due to the timing differences between payments received from trade debtors before December 2015 whereas the payments to the corresponding sub-consultants were only disbursed subsequent to December 2015.

Additionally, the turnover ratio was further increased by the lower adjusted sub-consultancy costs from RM20.8 million in FYE 2014 to RM16.7 million in FYE 2015.

**[ The rest of this page is intentionally left blank ]**

**11. FINANCIAL INFORMATION (Cont'd)****11.7.1 Trade Receivables Turnover**

The ageing analysis of our trade receivables (less accrued billings) as at 31 December 2015 is as follows:-

	<b>Within credit period</b>		<b>Exceeding credit period</b>			<b>Total</b>
	<b>0 – 30 days</b>	<b>31 – 60 days</b>	<b>1-30 days</b>	<b>31-120 days</b>	<b>&gt; 121 days</b>	
	<b>RM'000</b>					
Trade receivables	23,253	22,379	2,089	1,839	3,736	53,296
Less: accrued billings	(20,279)	-	-	-	-	(20,279)
Adjusted trade receivables	<u>2,974</u>	<u>22,379</u>	<u>2,089</u>	<u>1,839</u>	<u>3,736</u>	<u>33,017</u>
Percentage of adjusted trade receivables (%)	9.0	67.8	6.3	5.6	11.3	100.0
Amount collected subsequent to FYE 2015 up to the LPD	2,892	6,391	1,802	1,078	294	12,457
Percentage collected (%) <sup>(1)</sup>	97.2	28.5	86.2	58.6	7.8	37.7
Adjusted trade receivables net of subsequent collections	82	15,988	287	761	3,442	20,560
Percentage of adjusted trade receivables net of subsequent collections (%)	0.4	77.8	1.4	3.7	16.7	100.0

**Note:-**

<sup>(1)</sup> Computed based on the adjusted trade receivables (i.e. trade receivables less accrued billings).

The normal credit period granted by our Group in respect of our trade receivables is between thirty (30) to sixty (60) days from the date of invoice. Other credit terms are assessed and approved on a case-to-case basis.

Although the credit period as per contractual terms is between thirty (30) to sixty (60) days, there is still a gap between contractual terms and actual collections as indicated in the trade receivable turnover days. This ratio is within the common range of payment terms in the industry due to the time lag in the approval process by clients which involves their respective contract administration department, project department and finance department whereby the usual cycle will take more than ninety (90) days. Notwithstanding the industry trend, we opt not to extend our credit period in our contracts to reflect the actual practice in the industry as clients may take even longer time to pay if longer payment terms are granted.

Based on the table above, the adjusted trade receivables which have exceeded the credit period amounted to RM4.4 million as at the LPD, of which RM2.3 million is attributable to one trade debtor, namely Consultant HSS ("CHSS"). For the avoidance of doubt, CHSS is not a related party to the HEB Group, HSSI and HSSME. HSSI has entered into a settlement arrangement with CHSS on 19 February 2015, whereby the outstanding amount will be collected over twenty four (24) monthly instalments commencing from 1 March 2015. To date, the said trade debtor has met the agreed instalment payment schedule. The remainder of RM2.1 million are attributable to thirty six (36) other trade debtors. The Board is of the view that these receivables are recoverable because there is no history of default



**11. FINANCIAL INFORMATION (Cont'd)**

and dispute with these trade receivables. The longer than normal credit period required for them to settle was due to more time required to verify our invoices.

Pursuant to the Teaming and Support Services Agreement, HSSE provides the finance and accounting including credit control function services to HSSI and HSSME to ensure timely billing and collections. In order to ensure that HSSE has control over monies paid by the clients, the Teaming and Support Services Agreement imposes the requirement for all monies to be credited into the project bank account nominated by HSSE and HSSE's representative is a mandatory signatory on the account. All the monies will then be transferred to HSSE's bank account from which HSSE will pay HSSI and/or HSSME's portion according to the agreed ratio under the Teaming and Support Services Agreement. Based on the above process, neither HSSE, HSSI nor HSSME will be obligated to pay the other's share of revenue until payment is received from the clients.

A significant portion of our revenue is lumpy in nature, and with the growth in our revenue over FYEs 2013 to 2015, it is much likelier for our receivables to increase at a higher rate. Accordingly, our days-in-receivable have been on an increasing trend from 111 days to 119 days, in tandem with our growth. We believe this trend is sustainable as our Group has not encountered any disputes with our debtors.

**11.7.2 Trade Payables Turnover**

Trade payables are recognised at their original invoice amounts which represent their fair value on initial recognition.

	Within credit period		Exceeding credit period	Total
	0 – 30 days	31 – 60 days		
	RM'000			
Trade payables	12,340	2,524	4,348	19,212
Less: Accrued sub-consultancy costs	(12,296)	-	-	(12,296)
Adjusted trade payables	44	2,524	4,348	<sup>(1)</sup> 6,916
Percentage of total adjusted trade payables (%)	0.6	36.5	62.9	100.0

**Note:-**

- <sup>(1)</sup> As at the LPD, RM5.1 million has been paid. The remaining RM1.8 million is withheld pending receipt of complete supporting documentation from the respective vendors / suppliers.

The normal credit terms granted to our Group by its trade creditors ranges from thirty (30) to ninety (90) days from the date of invoice.

Trade payable turnover period for past three (3) FYEs 2013 to 2015 was beyond the normal credit terms granted by our creditors as our payment with sub-consultants are usually based on back-to-back arrangement. Under this arrangement, sub-consultants' invoices will only be settled upon receipt of payment from clients. This had resulted in trade payables turnover period exceeding the credit period granted to us.

As at LPD, there are no disputes in respect of trade payables and no legal action initiated by our suppliers to demand for payment.

**11. FINANCIAL INFORMATION (Cont'd)****11.7.3 Current Ratio**

Our current ratio Group remains healthy throughout the financial years under review, ranging from 1.4 to 1.7 times.

**11.8 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES**

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 4 of this Prospectus.

**11.9 IMPACT OF INFLATION**

We do not believe that inflation has had a material impact on the business, financial condition or results of operations of our Group. If our Group was to experience significantly higher inflation that we have experienced in the past, we may not be able to fully offset such higher costs through price increases. However, this could be mitigated through pre-determined percentage applied on our total construction cost as explained in Section 11.2.1(e)(iii).

**11.10 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES****11.10.1 Impact of Foreign Exchange Rates**

Our revenue is mainly denominated in RM. However, we are exposed to minimal foreign currency risk on transactions and balances that are denominated in currencies other than RM. Our foreign currency receivables and payables (in RM equivalent) as at 31 December 2015 are set out in the table below:-

	BND	INR	AED	Total
	RM'000			
<b>Financial assets</b>				
Trade receivables	109	828	2,304	3,241
Other receivables	*	381	-	381
<b>Total</b>	<b>109</b>	<b>1,209</b>	<b>2,304</b>	<b>3,622</b>
<b>Financial liabilities</b>				
Trade payables	127	227	-	354
Other payables	18	166	-	184
<b>Total</b>	<b>145</b>	<b>393</b>	<b>-</b>	<b>538</b>

**Note:-**

\* Less than RM1,000.

Based on the table above:-

- (a) Our foreign currency trade receivables represent only 6.1% of our total trade receivables of RM53.3 million as at 31 December 2015;
- (b) Our foreign currency other receivables represent only 6.5% of our total other receivables of RM5.9 million as at 31 December 2015;

**11. FINANCIAL INFORMATION (Cont'd)**

- (c) Our foreign currency trade payables represent only 1.8% of our total trade payables of RM19.2 million as at 31 December 2015; and
- (d) Our foreign currency other payables represent only 4.5% of our total other payables of RM4.0 million as at 31 December 2015.

At the moment, our Group does not enter into forward exchange contracts to hedge foreign currency risks. However, we monitor the foreign exchange fluctuations on an on-going basis. Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

Moving forward, as we seek more contracts from overseas markets, we will be subject to the risk of fluctuations in foreign exchange rates. To mitigate against the impact of foreign exchange rates risk, we have secured a foreign exchange loan equivalent risk facility of RM2.0 million to hedge against foreign exchange risk, if necessary. If required, necessary steps will be taken which include but not limited to entering into forward exchange contracts or alternatively, we may opt for a natural hedge mechanism by maintaining foreign currency accounts to minimise the foreign currency risk.

**11.10.2 Impact of Interest Rates**

	<b>Combined Group</b>		
	<b>FYE 2013</b>	<b>FYE 2014</b>	<b>FYE 2015</b>
Interest coverage ratio (times) <sup>(1)</sup>	11.5	13.2	11.6

**Note:-**

- (1) Computed based on profit before interest and tax over finance cost for the three (3) FYEs 2013 to 2015.

Interest coverage ratio measures the number of times a company can make its interest payments with its profit before interest and tax.

Our interest coverage ratio of between 11.5 to 13.2 times for the past three (3) FYEs 2013 to 2015 indicates that our Group has been able to generate sufficient profits before interest and tax to meet our interest serving obligations.

Our Group's financial results for the financial years under review were not materially affected by fluctuations in interest rates. To date, we have not experienced any claw back or reduction in the facilities limit granted to us by our lenders.

**11.10.3 Impact of Commodity Prices**

As at the LPD, we are not directly affected by fluctuations in commodity prices.

**11. FINANCIAL INFORMATION (Cont'd)****11.11 ORDER BOOK**

Our unbilled order book as at LPD amounts to RM365.9 million, details as follows:-

	<b>RM' million</b>	<b>%</b>
Support Services under the Collaboration comprising:		
Engineering services		
- Engineering design	98.4	26.8
- Construction supervision	84.0	23.0
Project management	179.2	49.0
	<u>361.6</u>	<u>98.8</u>
BIM services	4.3	1.2
<b>TOTAL</b>	<b><u>365.9</u></b>	<b><u>100.0</u></b>

The above unbilled order book will be billed progressively on average over the next two (2) to five (5) years.

**11.12 DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE**

Our Board is of the opinion that:-

- (a) Our Group's revenue will remain sustainable with an upward growth trend, in line with the growth outlook of the engineering and project management services market in Malaysia as well as the positive outlook of the construction industry in Malaysia as set out in the IMR Report;
- (b) Our liquidity will improve further subsequent to the Public Issue given the additional funds to be raised for our Group to carry out its future plans as stated in Section 6.4 of this Prospectus; and
- (c) Our capital resources will strengthen, taking into account the total amount of RM7.9 million to be set aside from the IPO proceeds for purposes of repayment of our bank overdraft and our general working capital requirements, as well as internally generated funds from improved financial performance for FYE 2015. We may consider debt funding for our capital expansion should the need arises.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margins or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

**11.13 TREND INFORMATION**

As at LPD, after all reasonable enquiries, our Board confirms that our operations have not been and are not expected to be affected by any of the following:-

- (a) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Section 11.2 of this Prospectus;
- (b) Material commitments for capital expenditure save as disclosed in Section 11.6 of this Prospectus;

---

**11. FINANCIAL INFORMATION (Cont'd)**

---

- (c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 11.2.1(e) and 11.10 of this Prospectus;
- (d) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 11.2.1(e) and 11.2.2 of this Prospectus; and
- (e) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 11.2.1(e) and 11.2.2 of this Prospectus.

Our Board is optimistic about the future prospects of our Group given the outlook of the engineering and project management services industry and BIM services set out in Section 7 of this Prospectus, our Group's competitive strengths set out in Section 6.3 of this Prospectus and our Group's future plans as set out in Section 6.4 of this Prospectus.

**11.14 DIVIDEND POLICY**

As we are a holding company, our Company's income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries. The payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to shareholders' approval. It is our intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

Actual dividends proposed and declared may vary depending on the financial performance and cash flows of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

**11. FINANCIAL INFORMATION (Cont'd)****11.15 CAPITALISATION AND INDEBTEDNESS**

The following table shows our Group's cash and bank balances, capitalisation and indebtedness based on our pro forma unaudited consolidated statements of financial position as at 30 April 2016, and as adjusted for the effects of the Acquisitions of Subsidiaries and Public Issue:-

	<b>Pro forma Group</b>		
	<b>As at 30 April 2016</b>	<b>After Acquisitions of Subsidiaries</b>	<b>After Public Issue</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short term deposits with licensed banks	-	10,321	34,321
Cash and bank balances	*	1,019	3,157
<b>Total cash and cash equivalents</b>	<b>*</b>	<b>11,340</b>	<b>37,478</b>
<b>Indebtedness</b>			
<b>Current</b>			
Secured			
Hire purchase payables	-	638	638
Bank overdraft	-	18,190	14,190
<b>Non-current</b>			
Secured			
Hire purchase payables	-	814	814
<b>Total indebtedness</b>	<b>-</b>	<b>19,642</b>	<b>15,642</b>
Shareholders' equity	(9)	39,429	68,137
<b>Total</b>	<b>(9)</b>	<b>39,429</b>	<b>68,137</b>
<b>Total capitalisation and indebtedness</b>	<b>(9)</b>	<b>59,071</b>	<b>83,779</b>
<b>Gearing ratio (times)</b>	<b>-</b>	<b>0.49</b>	<b>0.23</b>

**Note:-**

\* Representing RM10 only.

[ The rest of this page is intentionally left blank ]

**12. ACCOUNTANTS' REPORT****azman, wong, salleh & co** (No. AF 0012)

akauntan bertauliah  
chartered accountants



20 June 2016

The Board of Directors  
**HSS Engineers Berhad**  
Wisma HSS Integrated  
B1 (1-4) Block B, Plaza Dwitasik  
No. 21, Jalan 5/106  
Bandar Sri Permaisuri  
56000 Kuala Lumpur

Dear Sirs

**HSS ENGINEERS BERHAD ("HEB" OR "THE COMPANY")  
ACCOUNTANTS' REPORT**

**1. INTRODUCTION**

This report has been prepared by Messrs. Azman, Wong, Salleh & Co., an approved company auditor for inclusion in the Prospectus of HEB in connection with the initial public offering ("IPO") of ordinary shares of HEB and listing of and quotation for the entire enlarged issued and paid-up share capital of HEB on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The details of the listing scheme are disclosed in Section 2.2 of this report.

**2. GENERAL INFORMATION**

**2.1 Background**

The Company was incorporated in Malaysia as a private limited liability company under the Companies Act, 1965 on 23 January 2015 and was subsequently converted to a public limited liability company on 31 March 2015. The Company's principal activity is that of investment holding while the principal activities of its subsidiaries are as disclosed in Section 2.5 of this report.

**2.2 Details of Acquisitions of Subsidiaries and Listing Scheme**

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of HEB on the ACE Market of Bursa Securities, HEB undertakes the following transactions: -

**2.2.1 Acquisition of HSS Engineering Sdn Bhd ("HSSE")**

The Acquisition of HSSE involves the acquisition of 100% equity interest in HSSE comprising 5,000,000 ordinary shares of RM1.00 each from Dominant Sphere Sdn Bhd ("Dominant Sphere") and ADI Capital Sdn Bhd ("ADI Capital") for a total purchase consideration of RM22,739,776, details which are as follows:-

<b>Vendor</b>	<b>No. of shares acquired</b>	<b>% of share capital</b>	<b>Purchase consideration RM</b>
Dominant Sphere	4,000,000	80.0	18,191,821
ADI Capital	1,000,000	20.0	4,547,955
	<u>5,000,000</u>	<u>100.0</u>	<u>22,739,776</u>

**12. ACCOUNTANTS' REPORT (Cont'd)****2. GENERAL INFORMATION (CONTINUED)****2.2 Details of Acquisitions of Subsidiaries and Listing Scheme (continued)****2.2.1 Acquisition of HSSE (continued)**

HSSE is owned by Datuk Ir. Kunasingam A/L V. Sittampalam and Vanessa A/P Shanthakmar with each owning 50% effective equity interest in HSSE by virtue of their direct shareholdings in Dominant Sphere and ADI Capital. Pursuant to the Acquisition of HSSE, each of the vendors of HSSE had irrevocably agreed that the total consideration payable to the vendors shall be satisfied by the issuance of 227,397,760 new ordinary shares of RM0.10 each of HEB ("HEB Shares") at an issue price of RM0.10 per HEB Share to Victech Solutions Sdn Bhd ("Victech") and Flamingo Works Sdn Bhd ("Flamingo") in the following manner:-

	Allocation of HEB Shares	
	No. of HEB Shares issued	% of allocation
Victech	113,698,880	50.0
Flamingo	113,698,880	50.0
	<u>227,397,760</u>	<u>100.0</u>

Victech and Flamingo, both companies incorporated in Malaysia, are owned substantially by Datuk Ir. Kunasingam A/L V. Sittampalam and Vanessa A/P Santhakumar respectively.

**2.2.2 Acquisition of HSS BIM Solutions Private Limited ("HBS")**

The Acquisition of HBS involves the acquisition of 100% equity interest in HBS comprising 33,333 ordinary shares of INR10.00 each from the shareholders (vendors) for a total purchase consideration of RM1,644,102 equivalent to INR29,725,684 which is partly satisfied by the issuance of 11,508,714 new HEB Shares at an issue price of RM0.10 per HEB Share and partly by cash consideration of INR equivalent to RM493,231 as detailed below:-

Vendor	No. of shares acquired	% of share capital	Purchase consideration RM	No. of HEB Shares issued
Datuk Ir. Kunasingam A/L V. Sittampalam	9,166	27.5	452,128	4,521,281
Vanessa A/P Santhakumar	9,167	27.5	452,128	4,521,281
Dato' Ir. Nitchiananthan A/L Balasubramaniam	3,333	10.0	164,410	1,644,102
Ir. Sharifah Azlina Binti Raja Kamal Pasmah	1,667	5.0	82,205	822,050
Ganesh Balasubramanian	6,667	20.0	328,821 *	-
Jagannathan Ragunathan	3,333	10.0	164,410 *	-
	<u>33,333</u>	<u>100.0</u>	<u>1,644,102</u>	<u>11,508,714</u>

INR - Indian Rupee



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

Page 3

**2. GENERAL INFORMATION (CONTINUED)****2.2 Details of Acquisitions of Subsidiaries and Listing Scheme (continued)****2.2.2 Acquisition of HBS (continued)**

- \* The purchase consideration is settled by cash of INR equivalent to RM493,231 computed based on the RM:INR middle rate of the exchange rates from the Interbank Foreign Exchange Market in Kuala Lumpur published by Bank Negara Malaysia as at 5.00 p.m. on date of completion of the Acquisition of HBS.

Pursuant to the Acquisition of HBS, two of the vendors namely Datuk Ir. Kunasingam A/L V. Sittampalam and Vanessa A/P Santhakumar had irrevocably agreed that their allocation of new HEB Shares at an issue price of RM0.10 per HEB Share respectively shall be issued to Victech and Flamingo in the following manner:-

	<b>No. of HEB Shares issued</b>
Victech	4,521,281
Flamingo	4,521,281
	<u>9,042,562</u>

The Acquisition of HBS by way of share swap arrangement, is subject to the approval of the Foreign Investment Promotion Board, India ("FIPB") pursuant to the requirements of the Consolidated Foreign Direct Investment Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India. The FIPB had on 25 August 2015 issued a press release stating that the Acquisition of HBS has been approved. In FIPB's formal approval letter dated 3 September 2015, FIPB stated that the Acquisition of HBS by way of share swap arrangement is approved subject to the condition that no HEB shares will be issued to the Indian shareholders through share swap arrangement. As such, HEB had acquired the equity stake held by the Indian shareholders (namely Ganesh Balasubramanian and Jagannathan Ragunathan) in HBS for a total cash consideration of RM493,231 pursuant to the supplemental agreement dated 11 April 2016 referred to below.

Simultaneous with the execution of the aforesaid supplemental agreement, the Indian shareholders entered into the share subscription agreement dated 11 April 2016 with HEB where they agreed to subscribe for the following number of HEB Shares at the issue price of RM0.10 per HEB Share ("HEB Shares Subscription"):-

	<b>No. of HEB Shares issued</b>	<b>Cash consideration RM</b>
Ganesh Balasubramanian	3,288,204	328,821
Jagannathan Ragunathan	1,644,102	164,410
	<u>4,932,306</u>	<u>493,231</u>

The Reserve Bank of India has approved the above shares subscription vide its letter dated 16 October 2015.

**12. ACCOUNTANTS' REPORT (Cont'd)****2. GENERAL INFORMATION (CONTINUED)****2.2 Details of Acquisitions of Subsidiaries and Listing Scheme (continued)****2.2.3 Acquisition of BIM Global Ventures Sdn Bhd ("BGV")**

The Acquisition of BGV involves the acquisition of 100% equity interest in BGV comprising 10,000 ordinary shares of RM1.00 each from the shareholders (vendors) for a total purchase consideration of RM1,142,593 which is satisfied by the issuance of 11,425,930 new HEB Shares at an issue price of RM0.10 per HEB Share as detailed below:-

Vendor	No. of shares acquired	% of share capital	Purchase consideration RM	No. of HEB Shares
Datuk Ir. Kunasingam A/L V. Sittampalam	2,750	27.5	314,213	3,142,131
Vanessa A/P Santhakumar	2,750	27.5	314,213	3,142,131
Dato' Ir. Nitchiananthan A/L Balasubramaniam	1,000	10.0	114,259	1,142,593
Ir. Sharifah Azlina Binti Raja Kamal Pasmah	500	5.0	57,130	571,296
Ganesh Balasubramanian	2,000	20.0	228,519	2,285,186
Jagannathan Ragunathan	1,000	10.0	114,259	1,142,593
	<u>10,000</u>	<u>100.0</u>	<u>1,142,593</u>	<u>11,425,930</u>

Pursuant to the Acquisition of BGV, two of the vendors namely Datuk Ir. Kunasingam A/L V. Sittampalam and Vanessa A/P Santhakumar had irrevocably agreed that their allocation of new HEB Shares at an issue price of RM0.10 per HEB Share respectively shall be issued to Victech and Flamingo in the following manner:-

	No. of HEB Shares issued
Victech	3,142,131
Flamingo	<u>3,142,131</u>
	<u>6,284,262</u>

The Acquisition of HSSE, Acquisition of HBS and Acquisition of BGV (collectively "the Acquisitions of Subsidiaries") had been undertaken via three (3) separate sale and purchase agreements entered into between the Company and the vendors of HSSE, HBS and BGV respectively on 16 April 2015 and which are further supplemented by their respective supplemental agreements dated 11 April 2016.

**12. ACCOUNTANTS' REPORT (Cont'd)****2. GENERAL INFORMATION (CONTINUED)****2.2 Details of Acquisitions of Subsidiaries and Listing Scheme (continued)**

The purchase consideration for the Acquisitions of Subsidiaries had been arrived at based on a "willing-buyer willing-seller" basis after taking into consideration the audited net assets of HSSE, HBS and BGV at 31 December 2014, as summarised below:-

Company	% of equity interest acquired	Audited net assets as at	
		31 December 2014 RM	Purchase consideration RM
HSSE	100	22,739,776	22,739,776
HBS	100	1,644,102	1,644,102
BGV	100	1,142,593	1,142,593
Total		<u>25,526,471</u>	<u>25,526,471</u>

The Acquisition of HSSE, Acquisition of HBS and Acquisition of BGV were completed on 7 June 2016, 8 June 2016 and 14 June 2016 respectively. HSSE, HBS and BGV became wholly owned subsidiaries of HEB (collectively "HEB Group" or "Group") as of those respective dates. The HEB Shares Subscription was completed on 13 June 2016. Upon completion of the Acquisitions of Subsidiaries and HEB Shares Subscription, the issued and paid-up share capital of HEB increased from RM10 comprising 100 HEB Shares to RM25,526,481 comprising 255,264,810 HEB Shares.

**2.2.4 Public Issue**

Pursuant to the Public Issue, HEB shall issue 63,816,200 new HEB Shares ("Issue Shares") at an issue price of RM0.50 per Issue Share ("IPO Price") to be allocated in the following manner:-

- 15,954,000 Issue Shares will be made available for application by the Malaysian Public, to be allocated via balloting;
- 7,977,000 Issue Shares will be made available to HEB Group's eligible Directors, employees and business associates/persons who have contributed to the success of the Group; and
- 39,885,200 Issue Shares will be made available for private placement to selected investors.

Upon completion of the Public Issue, the issued and paid-up share capital of HEB will be increased from RM25,526,481 comprising 255,264,810 HEB Shares to RM31,908,101 comprising 319,081,010 HEB Shares.

All the new HEB Shares issued pursuant to the Acquisitions of Subsidiaries including the HEB Shares Subscription and to be issued pursuant to the Public Issue rank or shall rank *pari passu* in all respects with the existing issued HEB Shares including the voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of the issuance of the new HEB Shares.

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

Page 6

**2. GENERAL INFORMATION (CONTINUED)****2.2 Details of Acquisitions of Subsidiaries and Listing Scheme (continued)****2.2.5 Offer for Sale**

Concurrent with the listing of HEB, the Offerors namely Victech and Flamingo will undertake an offer for sale of 31,908,100 HEB Shares at the IPO Price by way of private placement to selected Bumiputera investors approved by Ministry of International Trade and Industry.

**2.2.6 Special Restricted Share Plan ("Special RSP")**

Concurrent with the listing of HEB, the Offerors will grant 10,816,584 HEB Shares at zero consideration to selected employees of the Group.

**2.2.7 Listing**

Upon completion of the IPO, the Company's entire enlarged issued and paid-up share capital of RM31,908,101 comprising of 319,081,010 HEB Shares shall be listed on the ACE Market of Bursa Securities.

**2.3 Share Capital**

The authorised share capital of the Company upon incorporation was RM400,000 comprising 400,000 ordinary shares of RM1.00 each. On 20 March 2015, the authorised ordinary shares was altered by way of subdividing the 400,000 ordinary shares of RM1.00 each into 4,000,000 ordinary shares of RM0.10 each and thereafter, the authorised share capital of the Company was increased from RM400,000 to RM100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each by the creation of additional 996,000,000 ordinary shares of RM0.10 each.

The movements in the issued and paid-up share capital of the Company since its date of incorporation are as follows: -

<b>Date of allotment</b>	<b>Purpose</b>	<b>No. of shares allotted</b>	<b>Par value RM</b>	<b>Cumulative total issued and paid-up share capital RM</b>
23 January 2015	Subscribers' shares	2	1.00	2
20 March 2015	Subdivision of existing shares of RM1.00 each into shares of RM0.10 each	20	0.10	2
1 April 2015	Issuance of shares for cash	80	0.10	10
7 June 2016	Issuance of shares as consideration for the Acquisition of HSSE	227,397,760	0.10	22,739,786

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

Page 7

**2. GENERAL INFORMATION (CONTINUED)****2.3 Share Capital (Continued)**

The movements in the issued and paid-up share capital of the Company since its date of incorporation are as follows: - (continued)

<b>Date of allotment</b>	<b>Purpose</b>	<b>No. of shares allotted</b>	<b>Par value RM</b>	<b>Cumulative total issued and paid-up share capital RM</b>
8 June 2016	Issuance of shares as consideration for the Acquisition of HBS	11,508,714	0.10	23,890,657
13 June 2016	Issuance of shares for cash pursuant to HEB Shares Subscription	4,932,306	0.10	24,383,888
14 June 2016	Issuance of shares as consideration for the Acquisition of BGV	11,425,930	0.10	25,526,481

**2.4 Dividend**

No dividend has been declared by the Company since its date of incorporation.

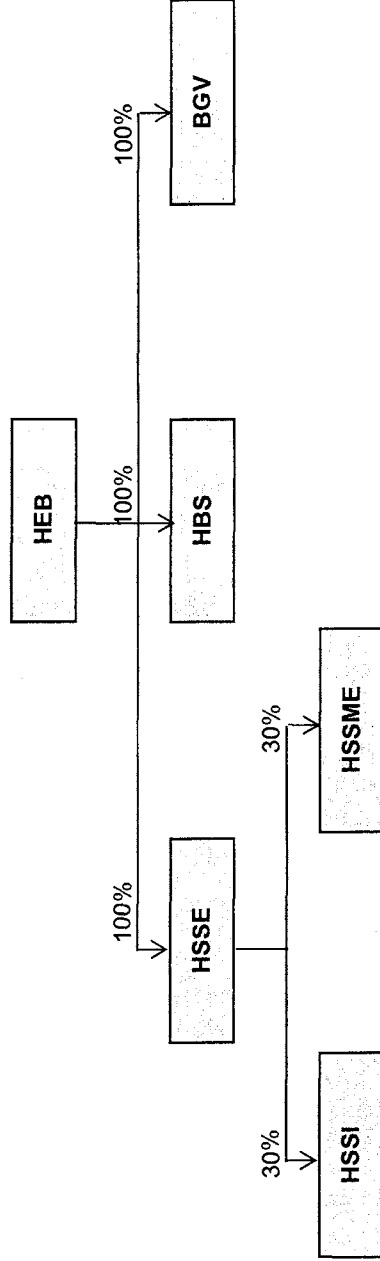
**12. ACCOUNTANTS' REPORT (Cont'd)**



**2. GENERAL INFORMATION (CONTINUED)**

**2.5 Group Structure**

The group structure of HEB Group as at the date of this report is as follows: -



Details of the subsidiaries of HEB as at the date of this report are as follows: -

Company	Date of incorporation	Country of incorporation	Effective equity interest %	Authorised share capital RM (unless otherwise stated)	Issued and paid-up share capital	Principal activities
HSSE	21 October 1997	Malaysia	100	10,000,000	5,000,000	Provision of engineering and project management services.
BGV	3 July 2012	Malaysia	100	100,000	10,000	Provision of Building Information Modelling ("BIM") services. *
HBS	13 July 2012	India	100	INR500,000	INR333,330	Provision of BIM services. *

\* Provision of BIM services involving the generation and management of digital representations of physical and functional characteristics of places which can be exchanged or networked to support decision making. BIM services extend beyond planning and design phase of a project, extending throughout the building life cycle, supporting processes, including cost management, construction management, project management and facility operation.

**12. ACCOUNTANTS' REPORT (Cont'd)****2. GENERAL INFORMATION (CONTINUED)****2.5 Group Structure (Continued)**

Details of the associates of HEB as at the date of this report are as follows: -

Company	Date of incorporation	Country of incorporation	Effective equity interest %	Authorised share capital RM	Issued and paid-up share capital RM	Principal activities
HSSI (#)	23 August 1988	Malaysia	30	5,000,000	2,000,000	Provision of civil and structural engineering consultancy services
HSSME (@)	11 November 1991	Malaysia	30	100,000	50,000	Provision of mechanical and electrical engineering consultancy services.

# HSSI - HSS Integrated Sdn Bhd  
 @ HSSME - HSS Mekanikal & Elektrikal Sdn Bhd

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

Page 10

**3. AUDITORS AND AUDITED FINANCIAL STATEMENTS**

HEB and HSSE have accounting financial year ending on 31 December. BGV has accounting financial year ending on 31 March prior to changing it to 31 December with effect from the financial period ended 31 December 2014. HBS has an accounting financial year ending on 31 March under the jurisdiction in India.

For the purposes of the combined financial statements of HEB Group for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 dealt with in this report, separate financial statements of BGV and HBS that complied with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") have been prepared for the corresponding financial years and were audited.

The audited financial statements of HSSE for the financial years ended 31 December 2013 were prepared in accordance with Private Entity Reporting Standards framework in Malaysia. The audited financial statements of HSSE for the financial year ended 31 December 2014 represented the first set of financial statements prepared in accordance with MFRSs and IFRSs, and *MFRS 1, First-time Adoption of MFRSs* had been applied with the date of transition to MFRSs on 1 January 2013. The transition to MFRSs did not result in any impact on the financial position, financial performance and cash flows of HSSE for the financial years under review apart from the reclassification of the carrying amount of computer software previously included in property, plant and equipment to intangible assets.

The financial statements of HEB for the financial period ended 31 December 2015, and of HSSE and BGV for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 were audited by Messrs Azman, Wong, Salleh & Co. The financial statements of HBS for those financial years were audited by Messrs K.Vijayaraghavan & Associates, a firm of chartered accountants in India. The auditors' reports on these audited financial statements for the respective financial period/years were not subject to any qualification or modification.

There were no audited financial statements of HEB for period prior to the financial period ended 31 December 2015 as the Company was only incorporated on 23 January 2015.

The combined financial statements of HEB Group for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 dealt with in Section 4 of this report have been audited by Messrs Azman, Wong, Salleh & Co. We conducted our audit of these combined financial statements in accordance with approved auditing standards in Malaysia and expressed our opinion that the combined financial statements give a true and fair view of the financial position of HEB Group as at 31 December 2013, 31 December 2014 and 31 December 2015, and of its financial performance and cash flows for the respective financial years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. Our audit reports are attached as Appendix I to this report.

**4. FINANCIAL INFORMATION**

The financial information included under this section of our report are based on the audited combined financial statements of HEB Group for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015.



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

Page 11

**4. FINANCIAL INFORMATION (CONTINUED)****4.1 COMBINED STATEMENTS OF FINANCIAL POSITION****AS AT 31 DECEMBER 2013, 31 DECEMBER 2014 AND 31 DECEMBER 2015**

	Note	2013 RM	2014 RM	2015 RM
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	4.7	4,110,392	4,024,923	5,491,952
Intangible assets	4.8	1,348,781	1,346,217	1,121,697
Deferred tax assets	4.9	-	11,293	48,228
		5,459,173	5,382,433	6,661,877
<b>CURRENT ASSETS</b>				
Trade receivables	4.10	38,161,044	46,739,726	53,296,274
Other receivables, deposits and prepayments	4.11	2,640,163	2,608,800	5,882,915
Amount due from related parties	4.12	1,970,597	-	-
Amount due from directors	4.13	16,048	-	-
Tax recoverable		-	-	565,889
Short term deposits with licensed banks	4.14	7,506,492	8,984,883	10,284,129
Cash and bank balances		1,891,935	752,971	610,944
		52,186,279	59,086,380	70,640,151
<b>TOTAL ASSETS</b>		<b>57,645,452</b>	<b>64,468,813</b>	<b>77,302,028</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Invested equity	4.15	6,302,164	6,302,164	6,302,174
Foreign currency translation reserve	4.16	(76,222)	(20,210)	264,854
Retained profits		10,106,547	19,244,517	29,373,026
<b>TOTAL EQUITY</b>		<b>16,332,489</b>	<b>25,526,471</b>	<b>35,940,054</b>

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

Page 12

**4. FINANCIAL INFORMATION (CONTINUED)****4.1 COMBINED STATEMENTS OF FINANCIAL POSITION****AS AT 31 DECEMBER 2013, 31 DECEMBER 2014 AND 31 DECEMBER 2015 (CONTINUED)**

	Note	2013 RM	2014 RM	2015 RM
<b>NON-CURRENT LIABILITIES</b>				
Trade advances	4.17	3,639,765	-	-
Finance lease payables	4.18	60,783	-	-
Hire purchase payables	4.19	362,402	430,517	917,054
Retirement benefit obligations	4.20	16,253	34,302	59,463
Deferred tax liabilities	4.9	484,889	210,000	177,500
Amount due to related parties	4.12	-	727,953	-
		4,564,092	1,402,772	1,154,017
<b>CURRENT LIABILITIES</b>				
Trade payables	4.21	10,990,209	9,979,359	19,212,862
Other payables, accruals and provisions	4.22	4,018,859	4,360,906	4,033,637
Trade advances	4.17	2,911,811	-	-
Amount due to related parties	4.12	3,760,923	5,846,196	2,367,547
Amount due to directors	4.13	-	1,697	-
Finance lease payables	4.18	402,247	8,933	-
Hire purchase payables	4.19	209,159	457,568	749,177
Taxation		187,408	2,086,119	76,745
Bank overdrafts (secured)	4.23	14,268,255	14,798,792	13,767,989
		36,748,871	37,539,570	40,207,957
<b>TOTAL LIABILITIES</b>		<b>41,312,963</b>	<b>38,942,342</b>	<b>41,361,974</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>57,645,452</b>	<b>64,468,813</b>	<b>77,302,028</b>

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

Page 13

**4. FINANCIAL INFORMATION (CONTINUED)**
**4.2 COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEARS ENDED 31 DECEMBER 2013, 31 DECEMBER 2014  
AND 31 DECEMBER 2015**

	Note	2013 RM	2014 RM	2015 RM
Operating revenue	4.24	101,448,720	104,575,198	121,503,155
Direct costs		(71,828,057)	(67,372,906)	(80,774,966)
Gross profit		29,620,663	37,202,292	40,728,189
Other operating income		423,327	1,247,480	1,156,053
Administrative expenses		(17,708,081)	(19,615,320)	(23,721,046)
Other operating expenses		(2,605,219)	(4,319,199)	(3,146,590)
Profit for the year from operations	4.25	9,730,690	14,515,253	15,016,606
Finance costs	4.26	(842,178)	(1,095,346)	(1,295,653)
<b>Profit before taxation</b>		8,888,512	13,419,907	13,720,953
Taxation	4.27	(2,180,524)	(4,271,045)	(3,586,362)
<b>Profit for the year</b>		6,707,988	9,148,862	10,134,591
<b>Other comprehensive (loss)/income:</b>				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation (loss)/gain		(55,758)	56,012	285,064
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Actuarial loss on defined benefit obligations		(14,528)	(10,892)	(6,082)
<b>Total other comprehensive (loss)/income for the year</b>		(70,286)	45,120	278,982
<b>Total comprehensive income for the year</b>		6,637,702	9,193,982	10,413,573

**12. ACCOUNTANTS' REPORT (Cont'd)****4. FINANCIAL INFORMATION (CONTINUED)**
**4.3 COMBINED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2013, 31 DECEMBER 2014 AND 31 DECEMBER 2015**

	Note	Invested Equity RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Total RM
As at 1 January 2013		6,302,164	(20,464)	10,224,843	16,506,543
Other comprehensive loss:					
- Actuarial loss on defined benefit obligations		-	-	(14,528)	(14,528)
- Foreign currency translation loss		-	(55,758)	-	(55,758)
Total other comprehensive loss		-	(55,758)	(14,528)	(70,286)
Profit for the year		-	-	6,707,988	6,707,988
Total comprehensive income for the year		-	(55,758)	6,693,460	6,637,702
Dividend	4.28	-	-	(6,811,756)	(6,811,756)
As at 31 December 2013		6,302,164	(76,222)	10,106,547	16,332,489
Other comprehensive income:					
- Actuarial loss on defined benefit obligations		-	-	(10,892)	(10,892)
- Foreign currency translation gain		-	56,012	-	56,012
Total other comprehensive income		-	56,012	(10,892)	45,120
Profit for the year		-	-	9,148,862	9,148,862
Total comprehensive income for the year		-	56,012	9,137,970	9,193,982
As at 31 December 2014		6,302,164	(20,210)	19,244,517	25,526,471

**12. ACCOUNTANTS' REPORT (Cont'd)****4. FINANCIAL INFORMATION (CONTINUED)**
**4.3 COMBINED STATEMENTS OF CHANGES IN EQUITY  
 FOR THE YEARS ENDED 31 DECEMBER 2013, 31 DECEMBER 2014 AND 31 DECEMBER 2015 (CONTINUED)**

	Invested Equity RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Total RM
As at 1 January 2015	6,302,164	(20,210)	19,244,517	25,526,471
Other comprehensive income:				
- Actuarial loss on defined benefit obligations	-	-	(6,082)	(6,082)
- Foreign currency translation gain	-	285,064	-	285,064
Total other comprehensive income	-	285,064	(6,082)	278,982
Profit for the year	-	-	10,134,591	10,134,591
Total comprehensive income for the year	-	285,064	10,128,509	10,413,573
Issuance of new shares	10	-	-	10
As at 31 December 2015	6,302,174	264,854	29,373,026	35,940,054

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

Page 16

**4. FINANCIAL INFORMATION (CONTINUED)**
**4.4 COMBINED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER 2013, 31 DECEMBER 2014  
AND 31 DECEMBER 2015**

	2013 RM	2014 RM	2015 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before taxation</b>	8,888,512	13,419,907	13,720,953
Adjustments for:			
Allowance for impairment losses on trade receivables	60	-	461,459
Reversal of allowance for impairment losses on trade receivables	-	(120,000)	-
Depreciation of property, plant and equipment	878,836	839,484	969,367
Amortisation of intangible assets	336,205	413,127	461,471
Interest on finance lease and hire purchase	101,732	80,062	83,298
Interest on bank overdrafts	740,446	1,015,284	1,212,355
Interest income from short term deposits	(204,134)	(208,011)	(261,760)
Employee benefits expense	1,891	6,064	11,942
Provision for compensated absences	1,863	1,352,853	499,260
Reversal of provision for compensated absences	-	(97)	(198,326)
Trade receivables written-off	4,874	498,025	81,685
Amount due from directors written-off	-	16,048	-
Accruals written back	-	-	(194,399)
(Gain)/loss on disposal of property, plant and equipment and intangible assets	(1,349)	(17,165)	40
Property, plant and equipment written-off	154,513	18,179	-
Amount due from related parties written-off	-	1,205,072	-
Waiver of amount due to related party	-	(403,929)	-
<b>Operating profit before working capital changes</b>	10,903,449	18,114,903	16,847,345
Changes in working capital:			
Increase in trade receivables	(12,574,928)	(8,956,707)	(7,099,692)
(Increase)/decrease in other receivables, deposits and prepayments	(1,005,603)	31,363	(3,274,115)
Decrease in amount due from related parties	309,059	765,525	-
Decrease in amount due from directors	5,507,990	-	-
Increase/(decrease) in trade payables	873,034	(1,010,850)	9,233,503
Increase/(decrease) in amount due to related parties	2,864,657	3,217,155	(4,206,602)
Decrease in trade advances	(2,911,811)	(6,551,576)	-
(Decrease)/increase in amount due to directors	(16,078)	1,697	(1,697)
Decrease in other payables, accruals and provisions	(612,862)	(1,010,709)	(434,006)
<b>Cash generated from operations</b>	3,336,907	4,600,801	11,064,736
Taxation paid	(1,873,503)	(2,658,304)	(6,226,920)
<b>Net cash generated from operating activities</b>	1,463,404	1,942,497	4,837,816

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

Page 17

**4. FINANCIAL INFORMATION (CONTINUED)**
**4.4 COMBINED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER 2013, 31 DECEMBER 2014  
AND 31 DECEMBER 2015 (CONTINUED)**

	2013 RM	2014 RM	2015 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment [Note 4.32(a)]	(1,048,122)	(569,870)	(1,366,098)
Purchase of intangible assets [Note 4.32(b)]	(421,925)	(194,605)	(216,979)
Proceeds from disposal of property, plant and equipment and intangible assets	40,062	176,612	1,486
Interest received on short term deposits	204,134	208,011	261,760
Proceeds from invested equity	-	-	10
<b>Net cash used in investing activities</b>	<u>(1,225,851)</u>	<u>(379,852)</u>	<u>(1,319,821)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	(6,811,756)	-	-
Payment of finance lease financing	(512,513)	(454,097)	(8,933)
Payment of hire purchase financing	(86,415)	(252,644)	(243,919)
Withdrawal/(placement) of fixed deposits pledged	389,042	279,344	(356,981)
Interest paid on finance lease and hire purchase	(101,732)	(80,062)	(83,298)
Interest paid on bank overdrafts	(740,446)	(1,015,284)	(1,212,355)
<b>Net cash used in financing activities</b>	<u>(7,863,820)</u>	<u>(1,522,743)</u>	<u>(1,905,486)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<u>(7,626,267)</u>	<u>39,902</u>	<u>1,612,509</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>20,860</u>	<u>48,332</u>	<u>218,532</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>(4,770,913)</u>	<u>(12,376,320)</u>	<u>(12,288,086)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR [NOTE 4.32(c)]</b>	<u>(12,376,320)</u>	<u>(12,288,086)</u>	<u>(10,457,045)</u>

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

Page 18

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****4.5.1 Basis of Preparation**

The combined financial statements of HEB Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"). These combined financial statements incorporate the financial information included in the audited financial statements of HEB, HSSE, HBS and BGV constituting HEB Group for the respective financial years, restated where applicable to comply with the requirements of MFRS and IFRS. Certain comparatives have been restated to conform with the current period's presentation in the combined financial statements.

The HEB Group structure and further details of its entities are disclosed in Section 2.5 of this report.

The combined financial statements have been prepared on the assumption that HEB Group has operated as a single economic entity throughout the financial years presented in these combined financial statements.

The financial information shown in the combined financial statements may not correspond to those in the consolidated financial statements of HEB Group had the relevant proposed transactions to legally constitute the Group been incorporated in the consolidated financial statements for the respective financial years. Such financial information in the combined financial statements does not purport to predict the financial position, results and cash flows of the Group for those financial years.

The combined financial statements are prepared under the historical cost convention except as otherwise indicated in this summary of significant accounting policies.

The accounting policies applied by the Group are consistently applied for all the financial years presented in these combined financial statements.

The combined financial statements are presented in Ringgit Malaysia ("RM").

**4.5.2 New MFRSs and Amendments to MFRSs That Are In Issue But Not Yet Effective**

The Group has not early adopted the following new MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective :-

**Effective for annual periods beginning on or after 1 January 2016**

MFRS 14, Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128 - Investment Entities:

Applying the Consolidation Exception

Amendments to MFRS 11 - Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101 - Disclosure Initiative

Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141 - Agriculture : Bearer Plants

Amendments to MFRS 127 - Equity Method in Separate Financial Statements

Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2012 - 2014 Cycle"



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

Page 19

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.2 New MFRSs and Amendments to MFRSs That Are In Issue But Not Yet Effective (Continued)****Effective for annual periods beginning on or after 1 January 2017**

Amendments to MFRS 112 - Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRS 107 - Disclosure Initiative

**Effective for annual periods beginning on or after 1 January 2018**

MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)

MFRS 15, Revenue from Contracts with Customers

**Effective for annual periods beginning on or after 1 January 2019**

MFRS 16, Leases

**Effective for annual periods beginning on or after a date to be determined by MASB**

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an

Investor and its Associate or Joint Venture

The Group will apply the above new MFRSs and amendments to MFRSs that are applicable once they become effective. The main features of these new standards and amendments to standards are summarised below :-

**(a) Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation**

The Amendments provide additional guidance on how depreciation of property, plant and equipment and amortisation of intangible assets should be calculated.

MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

The Amendments to MFRS 116 prohibit revenue-based depreciation on the basis that revenue does not reflect the way in which an item of property, plant and equipment is used or consumed. The Amendments to MFRS 138 introduce a rebuttable presumption that an amortisation method that is based on revenue generated by an activity that includes the use of an intangible asset is inappropriate.

The presumption can be overcome only in the limited circumstances (i) in which the intangible asset is expressed as a measure of revenue, i.e., in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or (ii) when it can be demonstrated that revenue and the consumption of the economic benefits of intangible asset are highly correlated.

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

Page 20

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.2 New MFRSs and Amendments to MFRSs That Are In Issue But Not Yet Effective (Continued)****(b) MFRS 15, Revenue from Contracts with Customers**

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 111, MFRS 118 and the related IC Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps :-

- Step 1 Identify the contract(s) with a customer
- Step 2 Identify the performance obligations in the contract
- Step 3 Determine the transaction price
- Step 4 Allocate the transaction price to the performance obligations in the contract
- Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e., when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. MFRS 15 also requires more extensive disclosures.

**(c) MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)**

The Standard replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

The key enhancements of MFRS 9 are :

- Under MFRS 9, all recognised financial assets are required to be subsequently measured at either amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") on the basis of both an entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. These requirements improve and simplify the approach for classification and measurement of financial assets as the numerous categories of financial assets under MFRS 139 had been replaced.

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

Page 21

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.2 New MFRSs and Amendments to MFRSs That Are In Issue But Not Yet Effective (Continued)****(c) MFRS 9, Financial Instruments (IFRS 9 issued in July 2014) (Continued)**

The key enhancements of MFRS 9 are : (continued)

- Most of the requirements in MFRS 139 for classification and measurement of financial liabilities were carried forward unchanged to MFRS 9, except for the measurement of financial liabilities designated as at FVTPL. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss. However, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's own credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. Under MFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139, i.e., fair value hedges, cash flow hedges and hedges of a net investment in a foreign operation. MFRS 9 incorporates a new hedge accounting model that aligns the hedge accounting more closely with an entity's risk management activities. The new hedge accounting model has also expanded the scope of eligibility of hedge items and hedging instruments respectively.

**(d) MFRS 16, Leases**

MFRS 16 will replace the existing standard on Leases, MFRS 117 when it becomes effective. Currently under MFRS 117, a lease is classified either as a finance lease or an operating lease based on the extent to which risks and rewards incidental to ownership of the leased asset lie with the lessor or the lessee. A lessee recognises the asset and liability arising from a finance lease but not an operating lease. MFRS 16 eliminates the distinction between finance leases and operating leases for lessees. Under the new standard, a lessee is required to recognise the assets and liabilities in respect of all leases, except for short-term leases of 12 months or less and leases of low value assets. At the commencement of a lease, a lessee recognises a right-of-use asset and a corresponding lease liability. The lessee will be required to separately recognise the depreciation on the right-of-use asset and interest expense on the lease liability. Lessor accounting remained substantially unchanged from the current accounting under MFRS 117.

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

Page 22

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.2 New MFRSs and Amendments to MFRSs That Are In Issue But Not Yet Effective (Continued)**

The initial application of MFRS 9 may have an impact on the financial statements of the Group. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed. The initial application of other new MFRSs and amendments to MFRSs is not expected to have any significant impact on the financial statements of the Group.

**4.5.3 Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group :

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

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

In preparing consolidated financial statements, intra-group balances and transactions and the resulting unrealised profits are eliminated on consolidation. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment. The consolidated financial statements reflect external transactions and balances only. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. The total comprehensive income of a subsidiary is attributed to the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Page 23

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.3 Basis of Consolidation (Continued)**

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received by the Group is recognised directly in equity and attributed to owners of the Company. If the Group loses control of a subsidiary, the assets (including any goodwill) and liabilities of the subsidiary and non-controlling interests will be derecognised at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference between the amounts derecognised and the aggregate of the fair value of consideration received and investment retained is recognised as gain or loss in profit or loss attributable to the Group.

**4.5.4 Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method except for combinations of entities or businesses under common control. The consideration transferred for the acquisition of an acquiree is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, equity interests issued and contingent consideration given. Acquisition-related costs are recognised as an expense in the periods in which the costs are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values, except for non-current assets (or disposal group) that are classified as held for sale which shall be measured at fair value less costs to sell.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The excess of the Group's interest in the net amounts of the identifiable assets, liabilities and contingent liabilities over the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest is recognised immediately in profit or loss.

Subsidiaries arising from common control combinations are consolidated using the principles of merger accounting. The common control combinations are business combinations in which all the combining entities have common ultimate controlling parties prior to and immediately after such combinations. Under the principles of merger accounting, the assets and liabilities of the combining entities are consolidated using the existing book values from the controlling parties' perspective and the results of each of the combining entity are presented as if the combination had been effected throughout the current and previous comparative periods presented. On consolidation, the cost of investment is matched against the nominal value of ordinary shares acquired and any resulting credit difference (merger reserve) is classified under equity as a non distributable reserve and any resulting debit difference (merger deficit) is adjusted against suitable consolidated reserves.

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

Page 24

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.4 Business Combinations (Continued)**

Non-controlling interests represent that portion of profit or loss and net assets of a subsidiary not attributable, directly or indirectly, to the Group. For each business combination, non-controlling interests are measured either at their fair value at the acquisition date or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Non-controlling interests in the net assets of consolidated subsidiaries comprised the amount of non-controlling interests at the date of original combination and their share of changes in equity since the date of combination.

In a business combination achieved in stages, any previously held equity interest is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

**4.5.5 Goodwill**

Goodwill arising on the acquisitions of subsidiaries is recognised as an asset and carried at cost as established at the acquisition date less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from acquisition date is allocated to each of the Group's cash-generating unit ("CGU") or groups of CGUs that are expected to benefit from the synergies of the combination in which the goodwill arose. The test for impairment of goodwill on consolidation is in accordance with the Group's accounting policy for impairment of non-financial assets. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a CGU or groups of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation and the portion of the CGU retained.

**4.5.6 Property, Plant and Equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated on the straight-line basis so as to write off the cost of the assets to their residual values over their estimated useful lives.

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

Page 25

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.6 Property, Plant and Equipment (Continued)**

The annual depreciation rates used are as follows :-

Furniture and fittings	10%
Motor vehicles	20%
Office equipment	15%
Renovations	10%
Computer	15%

The residual values and useful lives of assets are reviewed at each financial year end and adjusted prospectively, if appropriate, where expectations differ from previous estimates. Property, plant and equipment are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets as disclosed in Note 4.5.8.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

**4.5.7 Intangible Assets - Computer Software**

The costs of computer software licences that are acquired separately are capitalised as an intangible asset and are carried at costs less accumulated amortisation and any accumulated impairment losses. Costs include their purchase prices and any directly attributable costs of preparing the assets for their intended use. These costs are amortised on the straight-line basis over the period the assets are expected to generate economic benefits.

Costs associated with developing computer software programs that will generate probable future economic benefits from the use thereof are recognised as intangible assets. Costs comprised all directly attributable development costs including an appropriate portion of relevant overheads. Computer software development cost is amortised when the asset is available for use over the period the asset is expected to generate economic benefits.

The annual amortisation rate used is as follows :-

Computer software	15%
-------------------	-----

The estimated useful life and amortisation method are reviewed at the end of each reporting period with the effect of any changes in estimates being accounted for on a prospective basis.

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

Page 26

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.8 Impairment of Non-Financial Assets**

The carrying amounts of non-financial assets (other than deferred tax assets) are reviewed for impairment at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill recognised in a business combination and that has an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually or more frequently when indicators of impairment are identified. For intangible assets that are not yet available for use, the recoverable amount is estimated annually or more frequently when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or a cash generating unit ("CGU") exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment losses recognised in respect of CGUs (or groups of CGUs) are allocated first to reduce the carrying amount of any goodwill arising from a business combination allocated to the units (or groups of units) and then to reduce the carrying amount of the other assets in the units (or groups of units) on a pro rata basis.

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

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

**4.5.9 Financial Assets**

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the market place concerned.



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

Page 27

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.9 Financial Assets (Continued)**

Trade date accounting refers to:-

- the recognition of an asset to be received and the liability to pay for it on the trade date, i.e., the date the Group commits itself to purchase or sell an asset; and
- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

**Classification and measurement**

Financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are classified into the following specified categories depending on the nature and purpose of the financial assets and are determined at the time of initial recognition.

**(a) Financial assets at fair value through profit or loss**

Financial assets are classified at fair value through profit or loss when the financial assets are either held for trading or designated as such upon initial recognition.

A financial asset is classified as held for trading if :-

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a designated and effective hedging instrument.

After initial recognition, financial assets at fair value through profit or loss are measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The net gains or losses do not include any exchange differences, dividend or interest earned on the financial asset. Exchange differences, dividend and interest earned on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other income or other expenses.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured is measured at cost.

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

Page 28

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.9 Financial Assets (Continued)****Classification and measurement (continued)****(b) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. A gain or loss is recognised in profit or loss when the held-to-maturity investment is derecognised or impaired, and through the amortisation process.

**(c) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables, loans, other receivables and cash and bank balances are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or at fair value through profit or loss. Available-for-sale financial assets include quoted and unquoted equity and debt instruments that are not held for trading.

Subsequent to initial recognition, quoted equity and debt instruments are measured at fair value and 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. A gain or loss from changes in fair value is recognised in other comprehensive income, except that impairment losses, foreign exchange gains or losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Dividends on an equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

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

Page 29

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.9 Financial Assets (Continued)****Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset, other than financial assets at fair value through profit or loss, is impaired. Financial assets are considered to be impaired when objective evidence indicates that a loss event has occurred after the initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised. For quoted equity instrument, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

An amount of impairment loss in respect of a financial asset measured at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, i.e., the effective rate computed at initial recognition. The carrying amount of the asset is reduced through an allowance account. The amount of loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss on financial assets measured at amortised cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account to the extent that the carrying amount of the financial asset does not exceed its amortised cost had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

When an available-for-sale financial asset is impaired, the cumulative loss in relation to decline in fair value previously recognised in other comprehensive income is reclassified from equity and recognised in profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified is the difference between the acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. Increase in fair value, if any, subsequent to the impairment loss, is recognised in other comprehensive income.

If the fair value of a debt instrument classified as available-for-sale, increases in a subsequent period 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 with the amount of the reversal recognised in profit or loss.

An amount of impairment loss in respect of financial assets carried at cost is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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

Page 30

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.9 Financial Assets (Continued)****Derecognition of a financial asset**

The Group decognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

**4.5.10 Financial Liabilities**

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

**Classification and measurement**

Financial liabilities are initially measured at fair value plus in the case of other financial liabilities, directly attributable transaction costs.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

**(a) Financial liabilities at fair value through profit or loss**

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if :-

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

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

Page 31

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.10 Financial Liabilities (Continued)****Classification and measurement (continued)****(a) Financial liabilities at fair value through profit or loss (continued)**

After initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with any gains or losses arising from changes in fair value recognised in profit or loss. The net gains or losses recognised in profit or loss do not include any exchange differences or interest paid on the financial liability. Exchange differences and interest expense on financial liabilities at fair value through profit or loss are recognised separately in profit or loss as part of other income or other expenses.

Derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured is measured at cost.

**(b) Other financial liabilities**

All financial liabilities, other than those categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Other financial liabilities of the Group include trade and other payables, loans and borrowings.

A gain or loss on other financial liabilities is recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

**Derecognition of a financial liability**

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a 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.

**4.5.11 Offsetting Financial Instruments**

Financial assets and financial liabilities are offset when the Group has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

Page 32

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.12 Provisions**

Provisions for liabilities are recognised when the Group has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance cost.

**4.5.13 Hire Purchase and Finance Lease Arrangements and Operating Leases**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership of the leased assets. All other leases are classified as operating leases.

Assets acquired under hire purchase arrangements are recognised and measured in a similar manner as finance leases.

**Assets acquired under hire purchase and finance lease arrangements**

Assets acquired under hire purchase and finance lease arrangements are stated at the amounts equal at the inception of the arrangement to the lower of the fair values and the present values of the minimum hire purchase or lease payments.

The corresponding obligations are taken up as hire purchase or finance lease liabilities. Hire purchase or lease payments are apportioned between the outstanding liabilities and finance charges which are recognised in profit or loss over the period of the hire purchase/lease term so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period.

The depreciation policy of property, plant and equipment and intangible assets acquired under hire purchase and finance lease arrangements are consistent with the Group's depreciation policy as set out in Note 4.5.6 and Note 4.5.7 above.

**Operating lease**

Operating lease payments are recognised as expenses in profit or loss on a straight-line basis over the period of the relevant leases.

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

Page 33

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.14 Foreign Currencies****Functional and presentation currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, i.e., the entity's functional currency. The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

**Foreign currency transactions and balances**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

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

**Foreign operations**

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows :-

- (a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) Income and expenses for each statement presenting profit or loss and other comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- (c) All resulting exchange differences are recognised in other comprehensive income and are accumulated in foreign currency translation reserve within equity.

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

Page 34

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.14 Foreign Currencies (Continued)****Foreign operations (continued)**

Exchange differences arising from monetary items that form part of the Company's net investment in a foreign operation and that are denominated in the functional currency of the Company or the foreign operation are recognised in profit or loss of the Company or of the foreign operation, as appropriate. In the Group's financial statements, such exchange differences are recognised initially in other comprehensive income and accumulated in equity under foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and taken to equity under foreign currency translation reserve will be reclassified to profit or loss.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

**4.5.15 Income Taxes**

Tax expense is the aggregate amount of current and deferred taxes. Current and deferred taxes are recognised as income or expense in profit or loss except to the extent that the taxes relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity or a business combination.

Current tax is the expected tax payable on the taxable profit for the year and is calculated using tax rates enacted or substantially enacted at the end of the reporting period.

Deferred tax is recognised, using the liability method, on temporary differences at end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed to those assets and liabilities for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures except where the Group is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefits will be realised.



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

Page 35

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.15 Income Taxes (Continued)**

Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

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

**4.5.16 Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of qualifying assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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.

**4.5.17 Revenue**

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue is recognised when it can be measured reliably and to the extent that it is probable that the economic benefits associated to the transactions will flow to the Group.

The following specific recognition criteria must also be met before revenue is recognised :-

**(a) Rendering of services**

Revenue from rendering of services is recognised by reference to the stage of completion of the services at the end of the reporting period.

**(b) Interest**

Interest income is recognised on an accrual basis using the effective interest method.

**4.5.18 Cash and Cash Equivalents**

Cash and cash equivalents include cash and bank balances, deposits and short term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, reduced by bank overdrafts. The statement of cash flows is prepared using the indirect method.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy Note 4.5.9(c).

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

Page 36

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.19 Share Capital**

Ordinary shares are classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividends declared at or before the end of the reporting period are recognised as liabilities. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

**4.5.20 Contingent Liabilities**

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

**4.5.21 Employee Benefits****Short-term employee benefits**

Wages, salaries and social security contributions, paid annual and sick leave, bonuses and non-monetary benefits are recognised as an expense in profit or loss or included in the costs of assets, where applicable, in the period in which the associated services are rendered by employees of the Group.

**Defined contribution plans**

The Group provides post-employment benefits by way of contribution to defined contribution plans operated by the relevant authorities at the prescribed rates.

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans are recognised as an expense in profit or loss in the period to which the contributions relate or included in the costs of assets, where applicable.

**Defined benefit plans**

Defined benefit plans are post-employment benefit plans other than defined contribution plans and under which the pension benefits payable to employees are usually determined by reference to employee's earning and/or length of service.

The Group operates an unfunded defined benefit final salary plan for eligible employees.

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

Page 37

**4. FINANCIAL INFORMATION (CONTINUED)****4.5 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.5.21 Employee Benefits (Continued)****Defined benefit plans (continued)**

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date together with adjustments for actuarial gains or losses and past service cost. The present value of the defined benefit obligation is determined on an annual basis by independent qualified actuaries using the Projected Unit Credit Method.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise and will not be reclassified to profit or loss.

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. Past service cost is recognised as an expense in profit or loss in the period of a plan amendment or curtailment.

**Termination benefits**

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for those benefits. The Group recognises termination benefits at the earlier of (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the Group recognises costs for a restructuring.

Termination benefits falling over more than twelve (12) months after the end of the reporting period are discounted to present value.

**4.6 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements in conformity with the MFRSs and IFRSs requires management to exercise their judgement in the process of applying the Group's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Page 38

**4. FINANCIAL INFORMATION (CONTINUED)****4.6 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)****4.6.1 Judgements made in the process of applying accounting policies**

In the process of applying the Group's accounting policies, which are described in Note 4.5, the management is of the opinion that any instances of application of judgement are not expected to have significant effect on the amounts recognised in the financial statements, apart from those involving estimations which are dealt with in Note 4.6.2 below.

**4.6.2 Key sources of estimation uncertainty**

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

Impairment of trade receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's trade receivables and the allowance for impairment losses are disclosed in Note 4.10.

Retirement benefit obligations

The Group's retirement benefit obligations for eligible employees were measured by an actuarial valuation using the Projected Unit Credit Method. According to this method, several statistical information and assumptions are used to determine the expense and liability. Statistical information is principally related to demographic assumptions such as mortality, employee turnover and early retirement. The assumptions are mainly discount rate and future salary increase rate. In determining the appropriate discount rate, the Group considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligations. All these assumptions are disclosed in Note 4.20.

The amount of the Group's retirement benefit obligations as at 31 December 2015 is RM59,463 (2014: RM34,302; 2013: RM16,253). A sensitivity analysis showing the effects of changes in the estimates used on the amount of the obligations at the end of the reporting period is disclosed in Note 4.20.

**12. ACCOUNTANTS' REPORT (Cont'd)****4. FINANCIAL INFORMATION (CONTINUED)****4.7 PROPERTY, PLANT AND EQUIPMENT**

	Furniture and Fittings RM	Motor Vehicles RM	Computer RM	Office Equipment RM	Renovation RM	Total RM
<u>Cost</u>						
At 1 January 2013	469,630	970,570	148,006	4,769,178	2,579,636	8,937,020
Additions	27,038	53,975	104,358	236,205	1,102,522	1,524,098
Disposal	-	(72,587)	-	(152,807)	-	(225,394)
Written-off	-	-	-	-	(161,036)	(161,036)
Exchange differences	(6,000)	-	(9,245)	(2,249)	(5,053)	(22,547)
At 31 December 2013	490,668	951,958	243,119	4,850,327	3,516,069	10,052,141
Reclassification	-	-	3,997,018	(3,997,018)	-	-
Additions	73,795	96,000	442,538	116,633	198,026	926,992
Disposal	-	(435,927)	-	-	-	(435,927)
Written-off	(184,313)	-	(1,655,001)	(242,808)	(484,295)	(2,566,417)
Exchange differences	3,343	-	5,915	1,317	2,794	13,369
At 31 December 2014	383,493	612,031	3,033,589	728,451	3,232,594	7,990,158
Additions	212,770	-	603,806	126,774	1,444,813	2,388,163
Disposal	(1,730)	-	-	-	-	(1,730)
Exchange differences	26,445	-	45,868	11,929	25,079	109,321
At 31 December 2015	620,978	612,031	3,683,263	867,154	4,702,486	10,485,912

**12. ACCOUNTANTS' REPORT (Cont'd)****4. FINANCIAL INFORMATION (CONTINUED)****4.7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**Accumulated Depreciation

	Furniture and Fittings RM	Motor Vehicles RM	Computer RM	Office Equipment RM	Renovation RM	Total RM
At 1 January 2013	226,535	503,826	9,879	3,579,968	901,394	5,221,602
Charge for the year	28,765	213,430	56,639	322,670	257,332	878,836
Eliminated on disposal	-	(35,196)	-	(114,865)	-	(150,061)
Eliminated on write off	-	-	-	-	(6,523)	(6,523)
Exchange differences	(253)	-	(1,123)	(167)	(562)	(2,105)
At 31 December 2013	255,047	682,060	65,395	3,787,606	1,151,641	5,941,749
Reclassification	-	-	3,234,468	(3,234,468)	-	-
Charge for the year	35,696	85,776	310,000	76,480	331,532	839,484
Eliminated on disposal	-	(276,480)	-	-	-	(276,480)
Eliminated on write off	(184,313)	-	(1,636,822)	(242,808)	(484,295)	(2,548,238)
Exchange differences	791	-	4,258	632	3,039	8,720
At 31 December 2014	107,221	491,356	1,977,299	387,442	1,001,917	3,965,235
Charge for the year	50,173	58,247	359,528	89,677	411,742	969,367
Eliminated on disposal	(204)	-	-	-	-	(204)
Exchange differences	5,421	-	28,978	4,462	20,701	59,562
At 31 December 2015	162,611	549,603	2,365,805	481,581	1,434,360	4,993,960

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

Page 41

**4. FINANCIAL INFORMATION (CONTINUED)****4.7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	2013 RM	2014 RM	2015 RM
<u>Net Book Value</u>			
Furniture and Fittings	235,621	276,272	458,367
Motor Vehicles	269,898	120,675	62,428
Computer	177,724	1,056,290	1,317,458
Office Equipment	1,062,721	341,009	385,573
Renovation	2,364,428	2,230,677	3,268,126
	4,110,392	4,024,923	5,491,952

Included in the net book value of property, plant and equipment of the Group are the following assets acquired under finance lease and hire purchase :-

	2013 RM	2014 RM	2015 RM
Furniture and Fittings	-	-	31,322
Motor Vehicles	269,898	120,675	62,428
Computer	124,391	223,814	507,922
Office Equipment	84,907	76,898	80,632
Renovation	426,689	414,323	922,708
	905,885	835,710	1,605,012

**4.8 INTANGIBLE ASSETS**

	2013 RM	2014 RM	2015 RM
<b>Computer Software</b>			
<u>Cost</u>			
At 1 January	1,761,755	2,343,244	2,760,232
Additions	603,925	406,651	216,979
Disposal	(16,800)	-	-
Exchange differences	(5,636)	10,337	65,448
At 31 December	2,343,244	2,760,232	3,042,659
<u>Accumulated Amortisation</u>			
At 1 January	660,157	994,463	1,414,015
Charge for the year	336,205	413,127	461,471
Eliminated on disposal	(630)	-	-
Exchange differences	(1,269)	6,425	45,476
At 31 December	994,463	1,414,015	1,920,962
Carrying amount	1,348,781	1,346,217	1,121,697
Carrying amount of assets acquired under finance lease and hire purchase	255,129	381,124	310,767

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

Page 42

**4. FINANCIAL INFORMATION (CONTINUED)****4.9 DEFERRED TAXATION**

	2013 RM	2014 RM	2015 RM
At 1 January	412,645	484,889	198,707
Recognised in profit or loss (Note 4.27)			
- property, plant and equipment	40,708	55,312	36,679
- intangible assets	38,000	(16,000)	(22,000)
- unabsorbed tax losses	-	-	(4,000)
- unutilised capital allowances	-	-	(4,100)
- provisions	(5,649)	(325,282)	(71,874)
	73,059	(285,970)	(65,295)
Exchange differences	(815)	(212)	(4,140)
At 31 December	<u>484,889</u>	<u>198,707</u>	<u>129,272</u>

The components of deferred tax liabilities are as follows:-

Taxable temporary differences			
- property, plant and equipment	228,481	289,000	359,600
- intangible assets	262,000	246,000	224,000
	490,481	535,000	583,600
Offsetting	(5,592)	(325,000)	(406,100)
After offsetting	<u>484,889</u>	<u>210,000</u>	<u>177,500</u>

The components of deferred tax assets are as follows:-

Deductible temporary differences			
- property, plant and equipment	-	5,205	42,288
- unutilised capital allowances	-	-	4,100
- provisions	5,592	331,088	403,940
	5,592	336,293	450,328
Unabsorbed tax losses	-	-	4,000
	5,592	336,293	454,328
Offsetting	(5,592)	(325,000)	(406,100)
After offsetting	<u>-</u>	<u>11,293</u>	<u>48,228</u>

Presented after appropriate offsetting as follows:-

Deferred tax liabilities	<u>484,889</u>	<u>210,000</u>	<u>177,500</u>
Deferred tax assets	<u>-</u>	<u>11,293</u>	<u>48,228</u>

**4.10 TRADE RECEIVABLES**

	2013 RM	2014 RM	2015 RM
Trade receivables	39,575,796	46,739,726	53,757,733
Allowance for impairment losses	(1,414,752)	-	(461,459)
	<u>38,161,044</u>	<u>46,739,726</u>	<u>53,296,274</u>

The normal credit terms of trade receivables range from 30 to 60 days (2014 and 2013: 30 to 60 days).



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

Page 43

**4. FINANCIAL INFORMATION (CONTINUED)****4.10 TRADE RECEIVABLES (CONTINUED)**

The ageing analysis of the Group's trade receivables is as follows :

	2013 RM	2014 RM	2015 RM
Neither past due nor impaired	20,691,228	38,279,752	45,631,818
1 to 30 days past due not impaired	9,845,548	2,735,900	2,088,892
31 to 120 days past due not impaired	3,638,013	1,063,255	1,839,234
More than 121 days past due not impaired	3,986,255	4,660,819	3,736,330
	17,469,816	8,459,974	7,664,456
Impaired	1,414,752	-	461,459
	<u>39,575,796</u>	<u>46,739,726</u>	<u>53,757,733</u>

Trade receivables that are individually determined to be impaired comprised those customers who have defaulted on their payments and are considered to have financial difficulties in repaying their debts.

Trade receivables not impaired including those that are past due are considered to be creditworthy and are able to settle their debts.

The Group does not hold any collateral as security for the trade receivables as at the end of the reporting period.

During the financial year, the Group did not renegotiate the terms of any trade receivable.

Movements in allowance for impairment losses on trade receivables during the year :-

	2013 RM	2014 RM	2015 RM
As at 1 January	1,580,596	1,414,752	-
Allowance for impairment losses	60	-	461,459
Reversal of allowance for impairment losses	-	(120,000)	-
Written-off	(165,904)	(1,294,752)	-
As at 31 December	<u>1,414,752</u>	<u>-</u>	<u>461,459</u>

The currency exposure profile of the carrying amount of trade receivables is as follows :-

	2013 RM	2014 RM	2015 RM
Ringgit Malaysia	36,474,534	43,279,456	50,054,030
United Arab Emirates Dirham	-	3,031,347	2,304,747
Brunei dollar	1,545,014	95,521	109,623
Indian Rupee	141,496	333,402	827,874
	<u>38,161,044</u>	<u>46,739,726</u>	<u>53,296,274</u>

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

Page 44

**4. FINANCIAL INFORMATION (CONTINUED)****4.10 TRADE RECEIVABLES (CONTINUED)**

Included in trade receivables are amount due from related parties amounting to RM50,657,466 (2014: RM46,357,675; 2013: RM3,907,189) as disclosed in Note 4.31.

**4.11 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT**

	2013 RM	2014 RM	2015 RM
Other receivables	506,652	470,648	729,184
Deposits	1,548,509	935,530	1,364,266
Prepayments	585,002	1,202,622	3,789,465
	<u>2,640,163</u>	<u>2,608,800</u>	<u>5,882,915</u>

Included in the prepayments is an amount of RM1,429,684 (2014 and 2013: NIL) which represents costs incurred for the services of professionals in connection with the initial public offering exercise of the Company. The amount represents costs which are directly attributable to equity transactions and shall be accounted in equity as a reduction against the share premium account upon the completion of the aforesaid initial public offering exercise targeted in the next financial year.

The currency exposure profile of other receivables, prepayments and deposits is as follows:-

	2013 RM	2014 RM	2015 RM
Ringgit Malaysia	2,491,838	2,333,535	5,501,128
Brunei dollar	31,182	265	304
Indian Rupee	117,143	275,000	381,483
	<u>2,640,163</u>	<u>2,608,800</u>	<u>5,882,915</u>

**4.12 AMOUNT DUE FROM/(TO) RELATED PARTIES****Amount due from related parties**

The amount due from related parties is non-trade in nature, unsecured, interest free and repayable on demand.

**12. ACCOUNTANTS' REPORT (Cont'd)****4. FINANCIAL INFORMATION (CONTINUED)****4.12 AMOUNT DUE FROM/(TO) RELATED PARTIES (CONTINUED)****Amount due to related parties**

	2013 RM	2014 RM	2015 RM
Trade advances with repayment due:			
- not later than one year	-	2,911,811	727,953
- later than one year but not later than two years	-	727,953	-
	-	3,639,764	727,953
Trade	3,345,211	2,934,385	1,613,748
Non-trade	415,712	-	25,846
	<u>3,760,923</u>	<u>6,574,149</u>	<u>2,367,547</u>
Disclosed under:			
- Current liabilities	3,760,923	5,846,196	2,367,547
- Non-current liabilities	-	727,953	-
	<u>3,760,923</u>	<u>6,574,149</u>	<u>2,367,547</u>

The trade advances are unsecured and interest free.

The other trade and non-trade amount due to related parties are unsecured, interest free and repayable on demand.

**4.13 AMOUNT DUE FROM/(TO) DIRECTORS**

The amount due from/(to) directors are unsecured, interest free and repayable on demand.

**4.14 SHORT TERM DEPOSITS WITH LICENSED BANK**

The short term deposits have a maturity period of 12 months and the effective interest rate for short term deposits during the year is 3.60% (2014 and 2013: 3.60%) per annum.

Short term deposits amounting to RM7,584,129 (2014: RM7,227,148; 2013: RM7,506,492) have been pledged under lien to secure banking facilities as disclosed in Note 4.23.

All short term deposits with licensed banks are denominated in Ringgit Malaysia.

**4.15 INVESTED EQUITY**

The existing shareholders' equity in the individual entities constituting the Group represent the invested equity in the Group.

For the purpose of these combined financial statements, the invested equity in the Group at the end of the respective financial years is the aggregate of the share capital and share premium of the entities constituting the Group.

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

Page 46

**4. FINANCIAL INFORMATION (CONTINUED)****4.16 FOREIGN CURRENCY TRANSLATION RESERVE**

This represents foreign currency exchange differences arising from the translation of the financial statements of foreign operation where the functional currency is different from that of the Group's presentation currency in the preparation of these combined financial statements.

**4.17 TRADE ADVANCES**

	2013 RM	2014 RM	2015 RM
Trade advances with repayment due:			
- not later than one year	2,911,811	-	-
- later than one year but not later than two years	2,911,811	-	-
- later than two years but not later than five years	727,954	-	-
	<u>6,551,576</u>	<u>-</u>	<u>-</u>
Disclosed under:			
- Current liabilities	2,911,811	-	-
- Non-current liabilities	3,639,765	-	-
	<u>6,551,576</u>	<u>-</u>	<u>-</u>

Trade advances arose from contract services performed through a joint venture arrangement entered by a related party.

These advances are unsecured and interest free.

**4.18 FINANCE LEASE PAYABLES**

	2013 RM	2014 RM	2015 RM
Instalments payable:			
- not later than one year	430,428	9,025	-
- later than one year but not later than two years	58,416	-	-
	<u>488,844</u>	<u>9,025</u>	<u>-</u>
Finance charges allocated to future periods	(25,814)	(92)	-
Present value of finance lease payables	<u>463,030</u>	<u>8,933</u>	<u>-</u>
Disclosed under:			
- Current liabilities	402,247	8,933	-
- Non-current liabilities	60,783	-	-
	<u>463,030</u>	<u>8,933</u>	<u>-</u>

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

Page 47

**4. FINANCIAL INFORMATION (CONTINUED)****4.19 HIRE PURCHASE PAYABLES**

	2013 RM	2014 RM	2015 RM
Instalments payable:			
- not later than one year	247,320	508,344	851,170
- later than one year but not later than two years	247,320	338,338	607,359
- later than two years but not later than five years	138,440	114,131	369,421
	<u>633,080</u>	<u>960,813</u>	<u>1,827,950</u>
Finance charges allocated to future periods	(61,519)	(72,728)	(161,719)
Present value of hire purchase payables	<u>571,561</u>	<u>888,085</u>	<u>1,666,231</u>
Disclosed under:			
- Current liabilities	209,159	457,568	749,177
- Non-current liabilities	362,402	430,517	917,054
	<u>571,561</u>	<u>888,085</u>	<u>1,666,231</u>

**4.20 RETIREMENT BENEFIT OBLIGATIONS**

	2013 RM	2014 RM	2015 RM
Present value of unfunded defined benefit obligations	<u>16,253</u>	<u>34,302</u>	<u>59,463</u>

The Group's provision for employees' retirement benefit obligations is attributable to HBS which operates an unfunded retirement gratuity plan for its eligible employees. The amount of provision is determined by an independent actuarial valuation performed annually.

The movements in the present value of unfunded defined benefit obligations are as follows:-

	2013 RM	2014 RM	2015 RM
Balance as at 1 January	-	16,253	34,302
Defined benefit cost recognised in profit or loss (Note 4.25(b))			
- Current service cost	1,891	4,541	8,925
- Interest cost	-	1,523	3,017
	1,891	6,064	11,942
Defined benefit cost recognised in other comprehensive income			
- Actuarial loss	14,528	10,892	6,082
Exchange differences	(166)	1,093	7,137
Balance as at 31 December	<u>16,253</u>	<u>34,302</u>	<u>59,463</u>

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

Page 48

**4. FINANCIAL INFORMATION (CONTINUED)****4.20 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)**

The significant actuarial assumptions used to determine the present value of the unfunded defined benefit obligations are as follows :-

	2013	2014	2015
Discount rate	9.30%	9.30%	8.00%
Rate of increase in salary	4.00%	4.00%	4.00%
Expected average remaining working lives of employees	<u>29.4 years</u>	<u>30.4 years</u>	<u>29.7 years</u>

*Sensitivity analysis*

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	<b>Defined benefit obligations</b>		
	<b>Increase/ (Decrease)</b>		
	2013	2014	2015
	RM	RM	RM
Discount rate (1% increase)	(3,336)	(6,403)	(10,566)
Future average salary increase rate (1% increase)	<u>3,130</u>	<u>5,658</u>	<u>6,762</u>

A decrease of 1% on the average discount rate and future salary increase rate will give the opposite result from the above analysis.

**4.21 TRADE PAYABLES**

Credit terms of trade payables range from 30 to 90 days (2014 and 2013: 30 to 90 days).

The currency exposure profile of trade payables is as follows:-

	2013	2014	2015
	RM	RM	RM
Ringgit Malaysia	10,421,272	9,275,096	18,858,137
Brunei Dollar	536,466	596,352	127,318
Indian Rupee	32,471	107,911	227,407
	<u>10,990,209</u>	<u>9,979,359</u>	<u>19,212,862</u>

Included in trade payables are amount due to related parties amounting to RM18,985,455 (2014: RM9,867,655; 2013: NIL) as disclosed in Note 4.31.

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

Page 49

**4. FINANCIAL INFORMATION (CONTINUED)****4.22 OTHER PAYABLES, ACCRUALS AND PROVISIONS**

	2013 RM	2014 RM	2015 RM
Other payables	3,677,811	2,560,911	1,467,833
Accruals	339,204	445,323	909,996
Provision for compensated absences	1,844	1,354,672	1,655,808
	<u>4,018,859</u>	<u>4,360,906</u>	<u>4,033,637</u>

Included in other payables and accruals of the Group are advances and claims from directors amounting to RM29,492 (2014: RM34,997; 2013: RM139,040). The advances are unsecured, interest free and repayable on demand.

Movements in provision for compensated absences during the year :-

	2013 RM	2014 RM	2015 RM
As at 1 January	-	1,844	1,354,672
Provision during the year [Note 4.25(b)]	1,863	1,352,853	499,260
Reversal of provision during the year [Note 4.25(b)]	-	(97)	(198,326)
Exchange differences	(19)	72	202
As at 31 December	<u>1,844</u>	<u>1,354,672</u>	<u>1,655,808</u>

The currency exposure profile of other payables, accruals and provisions is as follows:-

	2013 RM	2014 RM	2015 RM
Ringgit Malaysia	3,825,595	4,131,789	3,849,599
Brunei Dollar	128,295	16,003	18,365
Indian Rupee	64,969	213,114	165,673
	<u>4,018,859</u>	<u>4,360,906</u>	<u>4,033,637</u>

**4.23 BANK OVERDRAFTS (SECURED)**

The bank overdrafts with total limit of RM43,750,000 (2014 and 2013: RM29,750,000) are secured against short term deposits as disclosed in Note 4.14 and debentures covering fixed and floating charges over present and future assets of the subsidiary company, HSSE. The facilities are also secured by corporate guarantees issued by related parties, Dominant Sphere Sdn. Bhd. and HSS Integrated Sdn. Bhd. and personal guarantees by directors of the Group.

The bank overdrafts bear interest at rates ranging from of 0.75% to 1.25% (2014: 0.75% to 1.25%; 2013: 0.75% to 1.25%) above the Base Lending Rate of the lending banks. The effective interest rates ranged from 7.60% to 8.10% (2014: 7.35% to 7.85%; 2013: 7.35% to 7.85%) per annum.

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

Page 50

**4. FINANCIAL INFORMATION (CONTINUED)****4.24 OPERATING REVENUE**

Operating revenue represents the fee earned in respect of engineering and project management services and BIM services rendered and the reimbursable of the Group during the year.

**4.25 PROFIT FOR THE YEAR FROM OPERATIONS**

	2013 RM	2014 RM	2015 RM
(a) This is stated after charging/(crediting):-			
Depreciation of property, plant and equipment	878,836	839,484	969,367
Amortisation of intangible assets	336,205	413,127	461,471
Auditors' remuneration	80,750	110,029	115,983
Directors' remuneration	2,043,268	2,177,235	2,738,482
Rental of equipment	150,427	198,136	234,821
Rental of premises	2,041,841	2,008,006	2,645,657
Bad debt recovered	-	(373,895)	-
Amount due from related parties written-off	-	1,205,072	-
Waiver of amount due to related party	-	(403,929)	-
Reversal of allowance for impairment losses on trade receivables	-	(120,000)	-
Allowance for impairment losses on trade receivables	60	-	461,459
Trade receivables written-off	4,874	498,025	81,685
Amount due from directors written-off	-	16,048	-
Interest income from short term deposits	(204,134)	(208,011)	(261,760)
Gain on foreign exchange	(214,544)	(55,279)	(638,812)
Loss on foreign exchange	268,670	159,110	-
Accruals written back	-	-	(194,399)
Property, plant and equipment written-off	154,513	18,179	-
(Gain)/loss on disposal of property, plant and equipment and intangible assets	(1,349)	(17,165)	40
(b) Employee benefits expense (including directors' remuneration):-			
Salaries, wages, bonuses and allowances	44,463,613	45,221,566	55,904,900
Amount contributed under defined contribution plan			
- Employees Provident Fund	3,997,616	4,116,678	4,830,078
Defined benefit cost (Note 4.20)	1,891	6,064	11,942
Provision for compensated absences (Note 4.22)	1,863	1,352,853	499,260
Reversal of provision for compensated absences (Note 4.22)	-	(97)	(198,326)
Social security contribution (SOCSSO)	240,352	250,200	265,381
Other benefits	1,867,178	1,583,946	2,459,162
	<u>50,572,513</u>	<u>52,531,210</u>	<u>63,772,397</u>



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

Page 51

**4. FINANCIAL INFORMATION (CONTINUED)****4.25 PROFIT FOR THE YEAR FROM OPERATIONS (CONTINUED)**

	2013 RM	2014 RM	2015 RM
(b) Employee benefits expense are included in the following:-			
- Direct costs	40,335,980	40,594,720	50,197,783
- Administrative expenses	10,236,533	11,936,490	13,574,614
	<u>50,572,513</u>	<u>52,531,210</u>	<u>63,772,397</u>

**4.26 FINANCE COSTS**

	2013 RM	2014 RM	2015 RM
Finance lease and hire purchase interest	101,732	80,062	83,298
Interest on bank overdrafts	740,446	1,015,284	1,212,355
	<u>842,178</u>	<u>1,095,346</u>	<u>1,295,653</u>

**4.27 TAXATION**

	2013 RM	2014 RM	2015 RM
Current year tax	2,267,117	4,530,926	3,603,535
(Over)/under provision in prior year	(159,652)	26,089	48,122
Deferred tax (Note 4.9)	73,059	(285,970)	(65,295)
	<u>2,180,524</u>	<u>4,271,045</u>	<u>3,586,362</u>

The general statutory income tax rate in Malaysia for the year under review is 25% (2014 and 2013 : 25%) of taxable income. The statutory income tax rate will be reduced to 24% effective from the year of assessment 2016. The computation for deferred tax from financial year ended 31 December 2014 has reflected this change.

Taxation for foreign jurisdiction is calculated at rate prevailing in the foreign jurisdiction.

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

Page 52

**4. FINANCIAL INFORMATION (CONTINUED)****4.27 TAXATION (CONTINUED)**

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

	2013 RM	2014 RM	2015 RM
Profit before taxation	<u>8,888,512</u>	<u>13,419,907</u>	<u>13,720,953</u>
Tax calculated at statutory tax rate of 25% (2014 and 2013: 25%)	2,222,128	3,354,977	3,430,238
Tax effects of:			
- expenses not deductible for tax purposes	168,304	639,483	522,244
- loss from foreign operation not deductible	-	250,496	-
- profit from foreign operation not taxable	(50,256)	-	(414,242)
(Over)/under provision of tax in respect of prior year	<u>(159,652)</u>	<u>26,089</u>	<u>48,122</u>
Tax expense	<u>2,180,524</u>	<u>4,271,045</u>	<u>3,586,362</u>

**4.28 DIVIDEND**

	2013 RM	2014 RM	2015 RM
Tax exempt single tier interim dividend of RM1.36 per ordinary share paid in respect of year ended 31 December 2013	<u>6,811,756</u>	<u>-</u>	<u>-</u>

**4.29 CAPITAL COMMITMENTS**

	2013 RM	2014 RM	2015 RM
Authorised but not contracted for :-			
In respect of purchase of :			
- property, plant and equipment	1,378,000	2,059,400	1,891,200
- intangible assets - computer software	365,000	1,262,500	1,123,000
	<u>1,743,000</u>	<u>3,321,900</u>	<u>3,014,200</u>

**12. ACCOUNTANTS' REPORT (Cont'd)****4. FINANCIAL INFORMATION (CONTINUED)****4.30 SEGMENT INFORMATION**

The Group's activities are conducted within a single industry segment comprising provision of engineering and project management services and provision of Building Information Modelling ("BIM") services involving the generation and management of digital representations of physical and functional characteristics of places which can be exchanged or networked to support decision making. BIM services extend beyond planning and design phase of a project, extending throughout the building life cycle, supporting processes, including cost management, construction management, project management and facility operation. As such, the operating revenue and results of this segment is reflected in the combined statements of profit or loss and other comprehensive income. The segment assets and liabilities are as presented in the combined statements of financial position.

**4.31 RELATED PARTY DISCLOSURES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party or when both parties are under the common control of another party.

Other than those already disclosed elsewhere in these financial statements, significant transactions carried out with related parties during the respective financial years and balances at end of the respective financial years and their relationships with the Group are stated below.

**Related parties**

HSS Integrated Sdn Bhd ("HSSI")  
HSS Mekanikal & Elektrikal Sdn Bhd ("HSSME")  
Matmer Corporation Sdn Bhd ("Matmer")  
Global Horizon Project Management Sdn Bhd ("GHPM")  
Global Horizon Projects Sdn Bhd ("GHP")  
Pelanduk Permai Sdn. Bhd. ("PPSB") (#)  
HSS Asia Pacific Sdn. Bhd. ("HSS Asia Pacific") (@)  
HSSI-SNC Lavalin Joint Venture ("HSSI-SNCL")  
SNC-Lavalin (Malaysia) Sdn Bhd ("SNCL")

**Relationships**

Common shareholders with the Group  
Common shareholders with the Group  
Common shareholders with the Group  
Common control by substantial shareholders of the Group  
Common control by substantial shareholders of the Group  
Common control by substantial shareholders of the Group  
Common control by substantial shareholders of the Group  
An unincorporated joint venture of HSSI  
Joint venturer in HSSI-SNCL

@ In the midst of striking off

# Liquidated

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

Page 54

**4. FINANCIAL INFORMATION (CONTINUED)****4.31 RELATED PARTY DISCLOSURES (CONTINUED)**

	2013 RM	2014 RM	2015 RM
<b>(a) Significant transactions with related parties</b>			
(i) Provision of engineering and project management services to:			
- HSSI	95,695,616	97,744,188	116,482,794
- HSSME	1,900,909	1,930,175	1,060,535
(ii) Provision of design certification by:			
- HSSI	2,350,891	-	-
- HSSME	43,819	-	-
(iii) Provision of BIM services to:			
- HSSI	-	455,500	287,764
(iv) Rental of premises charged by:			
- Matmer	1,678,944	1,678,944	2,075,376
	<u>1,678,944</u>	<u>1,678,944</u>	<u>2,075,376</u>
<b>(b) Significant balances with related parties</b>			
(i) Amount included in trade receivables; including accrued billing (Note 4.10)			
- HSSI	-	45,740,931	49,883,845
- HSSME	-	616,744	773,621
- HSSI-SNCL	3,907,189	-	-
(ii) Amount included in trade payables; including accrued costs (Note 4.21)			
- HSSI	-	9,397,433	18,446,345
- HSSME	-	470,222	539,110
(iii) Amount included in other payables (Note 4.22)			
- Matmer	409,736	-	-
(iv) Amount included in amount due from/(to) related parties (Note 4.12)			
- GHPM	488,145	-	-
- GHP	771,441	-	-
- HSSI	120	-	-
- HSS Asia Pacific	710,891	-	-
- PPSB	(415,712)	-	-
- HSSI	(3,345,211)	(6,574,149)	(2,367,547)
	<u>(3,345,211)</u>	<u>(6,574,149)</u>	<u>(2,367,547)</u>

Balances due from HSS Asia Pacific and GHPM of RM716,927 and RM488,145 respectively were written-off to profit or loss in 2014.

Balance due to PPSB amounting to RM403,929 was waived and recognised as other income in profit or loss in 2014.

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

Page 55

**4. FINANCIAL INFORMATION (CONTINUED)****4.31 RELATED PARTY DISCLOSURES (CONTINUED)****(c) Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel of the Group comprised the directors and senior management of the Group and their remuneration for the financial year are disclosed as below:

	2013 RM	2014 RM	2015 RM
Short term employee benefits	4,705,760	5,147,256	7,759,580
Post-employment benefits			
- Defined contribution plan	459,002	478,040	720,816
	<u>5,164,762</u>	<u>5,625,296</u>	<u>8,480,396</u>

**(d) Provision of guarantee to a related party**

Guarantee provided to SNCL in respect of payment obligations of HSSI to SNCL in connection with services to be provided by HSSI-SNCL:

- amount of guarantee at inception	-	64,793,762	64,793,762
- amount of guarantee at year end	-	<u>45,596,602</u>	<u>25,363,025</u>

The abovementioned guarantee pursuant to a Guarantee Agreement dated 12 February 2014 arose from additional scope of services ("Variation Order") awarded to HSSI-SNCL but which is to be executed solely by HSSI. The Group shall be liable for the outstanding payment obligations of HSSI to SNCL under the guarantee in the event the payments are withheld by the employer due to default on the part of HSSI in the execution of the Variation Order only. SNCL can only demand payments for its portion of the billings rendered by HSSI-SNCL which are yet to be paid by the employer at any time due to the default. The Group's exposure to the outstanding payment obligations of HSSI to SNCL at the end of the year is RM1,733,679 (2014 : RM1,444,306; 2013: NIL).

**4.32 NOTES TO COMBINED STATEMENTS OF CASH FLOWS****(a) Purchase of property, plant and equipment**

Property, plant and equipment acquired during the year were by the following means:-

	2013 RM	2014 RM	2015 RM
Cash payments	1,048,122	569,870	1,366,098
Hire purchase financing	475,976	357,122	1,022,065
Aggregate at cost	<u>1,524,098</u>	<u>926,992</u>	<u>2,388,163</u>

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

Page 56

**4. FINANCIAL INFORMATION (CONTINUED)****4.32 NOTES TO COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)****(a) Purchase of property, plant and equipment (continued)**

Property, plant and equipment acquired by hire purchase financing are reflected as cash flows from financing activities based on the principal amount of instalments made.

**(b) Purchase of intangible assets**

Intangible assets acquired during the year were by the following means:-

	2013 RM	2014 RM	2015 RM
Cash payments	421,925	194,605	216,979
Hire purchase financing	182,000	212,046	-
Aggregate at cost	<u>603,925</u>	<u>406,651</u>	<u>216,979</u>

Intangible assets acquired by hire purchase financing are reflected as cash flows from financing activities based on the principal amount of instalments made.

**(c) Cash and cash equivalents at end of year**

	2013 RM	2014 RM	2015 RM
Cash and bank balances	1,891,935	752,971	610,944
Short term deposits	7,506,492	8,984,883	10,284,129
Bank overdrafts (secured)	<u>(14,268,255)</u>	<u>(14,798,792)</u>	<u>(13,767,989)</u>
	(4,869,828)	(5,060,938)	(2,872,916)
Less: Short term deposits (pledged)	<u>(7,506,492)</u>	<u>(7,227,148)</u>	<u>(7,584,129)</u>
	<u>(12,376,320)</u>	<u>(12,288,086)</u>	<u>(10,457,045)</u>

**4.33 FAIR VALUE AND CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES**

The carrying amounts of all financial assets and liabilities of the Group at the end of the reporting period approximate their fair values.

All financial assets of the Group are classified as loans and receivables and all financial liabilities of the Group are classified as other financial liabilities.

**4.34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, liquidity and cash flow risk and credit risk. The Group has formulated a financial risk management framework with the principal objectives of minimising the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

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

Page 57

**4. FINANCIAL INFORMATION (CONTINUED)****4.34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

Various risk management policies are established and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with the deployment of financial instruments by the Group.

**(a) Credit Risk**

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of the contract which the Group has entered into.

The management has its credit policy in place to ensure that transactions are conducted only with creditworthy counterparties.

Exposure to credit risk arising from sales is managed through the applications of credit approvals, credit limits and monitoring procedures on an ongoing basis. If necessary, the Group may obtain collateral or other security from counterparties as a mean of mitigating losses in the event of default. At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount in the statement of financial position at the reporting date.

**(b) Interest Rate Risk**

The Group has interest rate risk in respect of its deposits with licensed banks, finance lease and hire purchase financing, and bank overdrafts.

The Group's bank overdrafts are subject to interest based on floating rates while its deposits with licensed banks and finance lease and hire purchase financing are subject to interest based on fixed rates.

Market interest rates movements are monitored with a view to ensuring that the most competitive rates are secured and where appropriate interest bearing instruments and borrowings arrangements are restructured or reduced.

*Sensitivity analysis for interest rate risk*

As the Group's deposits with licensed banks and finance lease and hire purchase financing as at the end of the reporting period are based on fixed rates, a change in interest rates at the end of the reporting period would not affect profit or loss or equity.

The Group's profit or loss and equity will be affected by a change in market interest rate as at the end of the reporting period due to its floating rate bank overdrafts. An increase of 50 basis points in the market interest rate at the end of the reporting period would have decreased the profit or loss and equity by RM79,400 (2014: RM69,600, 2013: RM54,800). A decrease of the same basis points would have the equal but opposite effect on the profit or loss and equity. This sensitivity analysis assumes that all other risk variables as at the end of the reporting period remain constant.

**12. ACCOUNTANTS' REPORT (Cont'd)****4. FINANCIAL INFORMATION (CONTINUED)****4.34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

## (c) Liquidity and Cash Flow Risks

The Group practises prudent liquidity risk management by maintaining sufficient cash balances and availability of funding through certain committed credit facilities.

**Maturity analysis**

The maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows :-

	Maturity profile			Total RM
	Within 1 year RM	Later than 1 year but not later than 2 years RM	Later than 2 years but not later than 5 years RM	
<b>2013</b>				
Trade payables	10,990,209	-	-	10,990,209
Trade advances	2,911,811	2,911,811	727,954	6,551,576
Other payables and accruals	4,017,015	-	-	4,017,015
Amount due to related parties	3,760,923	-	-	3,760,923
Finance lease payables	430,428	58,416	-	488,844
Hire purchase payables	247,320	247,320	138,440	633,080
Bank overdrafts	14,268,255	-	-	14,268,255
<b>2014</b>				
Trade payables	9,979,359	-	-	9,979,359
Other payables and accruals	3,006,234	-	-	3,006,234
Amount due to related parties	5,846,196	727,953	-	6,574,149
Amount due to directors	1,697	-	-	1,697
Finance lease payables	9,025	-	-	9,025
Hire purchase payables	508,344	338,338	114,131	960,813
Bank overdrafts	14,798,792	-	-	14,798,792
<b>2015</b>				
Trade payables	19,212,862	-	-	19,212,862
Other payables and accruals	2,377,829	-	-	2,377,829
Amount due to related parties	2,367,547	-	-	2,367,547
Hire purchase payables	851,170	607,359	369,421	1,827,950
Bank overdrafts	13,767,989	-	-	13,767,989



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

Page 59

**4. FINANCIAL INFORMATION (CONTINUED)****4.34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

## (d) Foreign Currency Exchange Risk

The Group is exposed to currency risk on its sales and cost of sales that are denominated in a currency other than its functional currency. The currencies giving rise to this risk are primarily the Brunei Dollar, United Arab Emirates Dirham and Indian Rupee. The Group monitors the risk arising from foreign currency exposure regularly and formulates the appropriate strategies to mitigate the risk as and when necessary.

*Foreign currency risk sensitivity analysis*

A 10 percent strengthening or weakening of the Brunei Dollar, United Arab Emirates Dirham and Indian Rupee against the Ringgit Malaysia currency at the end of the reporting period would have increased or decreased profit or loss and equity by the amount shown below. This analysis assumes all other variables remain constant.

	2013 RM	2014 RM	2015 RM
Brunei Dollar	91,144	51,657	3,576
United Arab Emirates Dirham	-	303,135	230,475
Indian Rupee	16,120	28,738	81,628

**4.35 CAPITAL MANAGEMENT**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while seeking to maximise benefits to shareholders and other stakeholders. Capital is equity attributable to owners of the Company as shown in the combined statements of financial position.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditure and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders.

	2013 RM	2014 RM	2015 RM
Profit attributable to owners of the Company	6,707,988	9,148,862	10,134,591
Total shareholders' equity	16,332,489	25,526,471	35,940,054
Return on Capital	41%	36%	28%

The Board regularly reviews the Group's capital structure and makes adjustments to reflect economic conditions, business strategies and future commitments.

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



Page 60

**4. FINANCIAL INFORMATION (CONTINUED)**

**4.35 CAPITAL MANAGEMENT (CONTINUED)**

No significant changes were made in the objectives, policies or processes relating to the management of the Group's capital structure during the year.

The Group is not subject to any externally imposed capital requirements.

**5. EVENTS AFTER THE REPORTING PERIOD**

There were no significant events between the date of the last audited combined financial statements used in the preparation of this report and the date of this report other than as follows: -

**5.1 Acquisition of 30% equity interest in a related party, HSSI**

Pursuant to a sale and purchase of shares agreement dated 30 May 2016 between HSSE and two directors of the Company namely Datuk Ir. Kunasingam A/L V. Sittampalam and Dato' Nitchiananthan A/L Balasubramaniam ("collectively vendors"), HSSE acquired a total of 600,000 ordinary shares of RM1.00 each representing 30% equity interest in HSSI from the vendors for a total cash purchase consideration of RM897,710.

**5.2 Acquisition of 30% equity interest in a related party, HSSME**

Pursuant to a sale and purchase of shares agreement dated 30 May 2016 between HSSE and Azman Bin Ab Rahman ("vendor"), HSSE acquired 15,000 ordinary shares of RM1.00 each representing 30% equity interest in HSSME from the vendor for a cash purchase consideration of RM8,784.

Following the above acquisitions, HSSI and HSSME became associates of HSSE and HEB Group.

**6. FINANCIAL STATEMENTS**

As of the date of this report, no audited combined financial statements have been prepared in respect of any period subsequent to 31 December 2015 for the Group.

Yours faithfully,

**AZMAN, WONG, SALLEH & CO.**  
AF: 0012  
Chartered Accountants

**NG YONG CHIN**  
3051/05/17(J)  
Chartered Accountant

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

**azman, wong, salleh & co** (No. AF 0012)  
akauntan bertauliah  
chartered accountants

Appendix 1



Page 49

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF  
HSS ENGINEERS BERHAD**

(Company No: 1128564-U)  
(Incorporated in Malaysia)

**Report on the Combined Financial Statements**

We have audited the combined financial statements of HSS Engineers Berhad ("Company") and its subsidiaries ("Group") which comprise the combined statements of financial position of the Group as at 31 December 2012, 31 December 2013 and 31 December 2014, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the corresponding financial years then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 1 to 47.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these combined 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 combined financial statements are free from material misstatement.

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

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

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

Appendix 1



Page 50

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF  
HSS ENGINEERS BERHAD**

(Company No: 1128564-U)

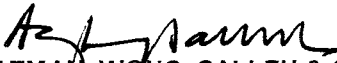
(Incorporated in Malaysia)


**Opinion**

In our opinion, the combined financial statements give a true and fair view of the financial position of the Group as at 31 December 2012, 31 December 2013 and 31 December 2014 and of its financial performance and cash flows for the corresponding financial years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

**Other Matters**

This report is made solely to the Board of Directors of the Company, as a body, in connection with the proposed initial public offering and listing and quotation of the Company's shares on the ACE Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report.

  
AZMAN, WONG, SALLEH & CO.  
AF: 0012  
Chartered Accountants

  
SIVADASAN A/L NARAYANAN NAIR  
1420/12/15(J)  
Chartered Accountant

Kuala Lumpur,

Date: 22 APR 2015

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

**azman, wong, salleh & co** (No. AF 0012)  
akauntan bertauliah  
chartered accountants

Appendix I



Page 47

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF  
HSS ENGINEERS BERHAD**

(Company No: 1128564-U)

(Incorporated in Malaysia)

**Report on the Combined Financial Statements**

We have audited the combined financial statements of HSS Engineers Berhad ("Company") and its subsidiaries ("Group") which comprise the combined statement of financial position of the Group as at 31 December 2015, and the combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 1 to 45.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these combined 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 combined financial statements are free from material misstatement.

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

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

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



Page 48

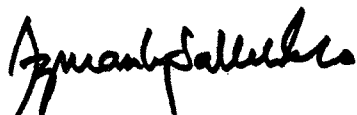
**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF  
HSS ENGINEERS BERHAD**  
(Company No: 1128564-U)  
(Incorporated in Malaysia)

**Opinion**

In our opinion, the combined financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

**Other Matters**

This report is made solely to the Board of Directors of the Company, as a body, in connection with the proposed initial public offering and listing and quotation of the Company's shares on the ACE Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A large, stylized handwritten signature in black ink, likely belonging to a representative of the auditing firm.

**AZMAN, WONG, SALLEH & CO.**  
AF: 0012  
Chartered Accountants

A smaller handwritten signature in black ink, likely belonging to the chartered accountant mentioned in the caption below.

**NG YONG CHIN**  
3051/05/17(J)  
Chartered Accountant

Kuala Lumpur,  
Date: **13 APR 2016**

**13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**azman, wong, salleh & co** (No. AF 0012)

akauntan bertauliah  
chartered accountants



20 June 2016

The Board of Directors  
**HSS Engineers Berhad**  
Wisma HSS Integrated  
B1 (1-4) Block B, Plaza Dwtasik  
No.21, Jalan 5/106  
Bandar Sri Permaisuri  
56000 Kuala Lumpur

Dear Sirs,

**HSS ENGINEERS BERHAD ("HEB" or "THE COMPANY")  
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 FOR INCLUSION IN THE PROSPECTUS**

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position as at 31 December 2015 and accompanying notes of HEB and its subsidiaries ("HEB Group") by the Directors of HEB ("Directors") attached herewith as Appendix I, which we have stamped for identification purpose, for inclusion in the Prospectus of HEB in connection with the initial public offering of ordinary shares of HEB and listing of and quotation for the entire issued and paid-up share capital of HEB on the ACE Market of Bursa Malaysia Securities Berhad. The applicable criteria on the basis of which the Directors have compiled the pro forma consolidated statements of financial positions are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("SC") and described in the notes to the pro forma consolidated statements of financial position.

The pro forma consolidated statements of financial position have been compiled by the Directors to illustrate the impact of the Acquisitions of Subsidiaries and Public Issue of new ordinary shares of HEB, which form an integral part of the Company's listing scheme as described in Note 1 of Appendix I, on the consolidated statement of financial position of HEB as at 31 December 2015 if the aforesaid Acquisitions of Subsidiaries and Public Issue had been completed on 31 December 2015. As part of this process, information about the financial position of HEB Group as at 31 December 2015 has been extracted by the Directors from the combined financial statements of HEB Group for the year ended 31 December 2015, on which an audit report has been published.

*Directors' Responsibility for the Pro Forma Financial Information*

It is the responsibility of the Directors to compile the pro forma consolidated statements of financial position of HEB as at 31 December 2015 and the related notes on the basis of the applicable criteria as described in the notes thereto.

*Reporting Accountants' Responsibilities*

Our responsibility is to express an opinion, as required by the SC, about whether the pro forma consolidated statements of financial position of HEB as at 31 December 2015 and the related notes have been compiled, in all material respects, by the Directors on the basis of the applicable criteria as described in the notes thereto.

**13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



*Reporting Accountants' Responsibilities (Continued)*

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statements of financial position and the related notes on the basis of the applicable criteria as described in the notes thereto.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical information used in compiling the pro forma consolidated statements of financial position and the related notes, 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 statements of financial position and the related notes.

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

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

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflect 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 entity, the event or transaction in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

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

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

**Opinion**

In our opinion, the pro forma consolidated statements of financial position of HEB as at 31 December 2015 and the related notes have been properly compiled, in all material respects, on the basis of the applicable criteria as described in the notes thereto.



**13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



**Other Matter**

This letter is issued by us for the sole purpose of expressing our opinion on the pro forma consolidated statements of financial position and the related notes which have been compiled by the Directors for inclusion in the Prospectus in connection with the Company's initial public offering of ordinary shares and listing of and quotation for its entire issued and paid-up share capital on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Azman, Wong, Salleh &amp; Co.", written in a cursive style.

**AZMAN, WONG, SALLEH & CO.**  
AF: 0012  
Chartered Accountants

A handwritten signature in black ink, appearing to read "Ng Yong Chin", written in a cursive style.

**NG YONG CHIN**  
3051/05/17(J)  
Chartered Accountant

**13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

HSS Engineers Berhad (1128564-U)  
(Incorporated in Malaysia)

Appendix I

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015**

The Pro Forma Consolidated Statements of Financial Position of HSS Engineers Berhad ("HEB") and its subsidiaries ("HEB Group") as at 31 December 2015 set out below is provided for illustrative purposes only.

	Note	HEB At 31 December 2015 RM	[Pro Forma I] After Acquisitions of Subsidiaries RM	[Pro Forma II] After Pro Forma I and Public Issue RM
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment		-	5,491,952	5,491,952
Intangible assets		-	1,121,697	1,121,697
Deferred tax assets		-	48,228	48,228
		<u>-</u>	<u>6,661,877</u>	<u>6,661,877</u>
<b>CURRENT ASSETS</b>				
Trade receivables		-	53,296,274	53,296,274
Other receivables, deposits and prepayments	5.1	1,429,684	5,882,915	4,453,231
Tax recoverable		-	565,889	565,889
Short-term deposits with licensed banks	5.2	-	10,284,129	34,284,129
Cash and bank balances	5.3	10	610,944	2,748,728
		<u>1,429,694</u>	<u>70,640,151</u>	<u>95,348,251</u>
<b>TOTAL ASSETS</b>		<u>1,429,694</u>	<u>77,302,028</u>	<u>102,010,128</u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital	5.4	10	25,526,481	31,908,101
Share premium	5.5	-	-	22,326,480
Foreign currency translation reserve		-	264,854	264,854
(Accumulated losses)/Retained profits	5.6	(6,979)	10,148,719	10,148,719
		<u>(6,969)</u>	<u>35,940,054</u>	<u>64,648,154</u>
<b>NON-CURRENT LIABILITIES</b>				
Hire purchase payables		-	917,054	917,054
Retirement benefit obligations		-	59,463	59,463
Deferred tax liabilities		-	177,500	177,500
		<u>-</u>	<u>1,154,017</u>	<u>1,154,017</u>

*For identification only*
**AZMAN, WONG, SALLEH & CO. (AF : 0012)**  
Chartered Accountants

Kuala Lumpur

**13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

HSS Engineers Berhad (1128564-U)  
(Incorporated in Malaysia)

Appendix I

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONTINUED)**

	Note	HEB At 31 December 2015 RM	[Pro Forma I] After Acquisitions of Subsidiaries RM	[Pro Forma II] After Pro Forma I and Public Issue RM
<b>CURRENT LIABILITIES</b>				
Trade payables		-	19,212,862	19,212,862
Other payables, accruals and provisions		3,500	4,033,637	4,033,637
Amount due to related parties		1,433,163	2,367,547	2,367,547
Hire purchase payables		-	749,177	749,177
Taxation		-	76,745	76,745
Bank overdrafts (secured)	5.7	-	13,767,989	9,767,989
		<u>1,436,663</u>	<u>40,207,957</u>	<u>36,207,957</u>
<b>TOTAL LIABILITIES</b>		<u>1,436,663</u>	<u>41,361,974</u>	<u>37,361,974</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,429,694</u>	<u>77,302,028</u>	<u>102,010,128</u>
No. of ordinary shares of RM0.10 each		100	255,264,810	319,081,010
Net (liabilities)/assets per share (RM)		(70)	0.14	0.20
Total interest bearing borrowings		-	15,434,220	11,434,220
Gearing (times)		-	0.43	0.17
Current ratio (times)		1.00	1.76	2.63

*For identification only*  
**AZMAN, WONG, SALLEH & CO. (AF : 0012)**  
Chartered Accountants  
Kuala Lumpur

**13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

HSS Engineers Berhad (1128564-U)  
(Incorporated in Malaysia)

Appendix I

**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**
**1. ACQUISITIONS OF SUBSIDIARIES AND LISTING SCHEME**

In conjunction with and as an integral part of the initial public offering ("IPO") of ordinary shares of HEB and listing of and quotation for the entire enlarged issued and paid-up share capital of HEB on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), HEB undertakes the following transactions: -

**(i) Acquisition of HSS Engineering Sdn Bhd ("HSSE")**

The Acquisition of HSSE involves the acquisition of 100% equity interest in HSSE comprising 5,000,000 ordinary shares of RM1.00 each from its existing shareholders for a total purchase consideration of RM22,739,776 which is satisfied by the issuance of 227,397,760 new ordinary shares of RM0.10 each of HEB ("HEB Shares") at an issue price of RM0.10 per HEB Share.

**(ii) Acquisition of HSS BIM Solutions Private Limited ("HBS")**

The Acquisition of HBS involves the acquisition of 100% equity interest in HBS comprising 33,333 ordinary shares of INR10.00 each from its existing shareholders for a total purchase consideration of RM1,644,102 equivalent to INR29,725,684 which is partly satisfied by cash consideration of INR equivalent to RM493,231 and partly by the issuance of 11,508,714 new HEB Shares at an issue price of RM0.10 per HEB Share.

Pursuant to a supplemental sale and purchase agreement for this acquisition and a share subscription agreement, both dated 11 April 2016, the existing shareholders who received cash consideration subscribed for 4,932,306 new HEB Shares at an issue price of RM0.10 per HEB Share for a total cash consideration of RM493,231 ("HEB Shares Subscription").

**(iii) Acquisition of BIM Global Ventures Sdn Bhd ("BGV")**

The Acquisition of BGV involves the acquisition of 100% equity interest in BGV comprising 10,000 ordinary shares of RM1 each from its existing shareholders for a total purchase consideration of RM1,142,593 which is satisfied by the issuance of 11,425,930 new HEB Shares at an issue price of RM0.10 per HEB Share.

The Acquisition of HSSE, Acquisition of HBS and Acquisition of BGV are collectively referred to as "the Acquisitions of Subsidiaries". The Acquisition of HSSE, Acquisition of HBS and Acquisition of BGV were completed on 7 June 2016, 8 June 2016 and 14 June 2016 respectively. The HEB Shares Subscription pursuant to the Acquisition of HBS was completed on 13 June 2016.

*For identification only*

**AZMAN, WONG, SALLEH & CO. (AF: 0012)**  
Chartered Accountants

Kuala Lumpur

**13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

HSS Engineers Berhad (1128564-U)  
(Incorporated in Malaysia)

Appendix I

**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015 (CONTINUED)**

**1. ACQUISITIONS OF SUBSIDIARIES AND LISTING SCHEME (CONTINUED)**

**(iv) Public Issue**

Pursuant to the Public Issue, HEB shall issue 63,816,200 new HEB Shares ("Issue Shares") at an issue price of RM0.50 per Issue Share ("IPO Price") to be allocated in the following manner:-

- (a) 15,954,000 Issue Shares will be made available for application by the Malaysian Public, to be allocated via balloting;
- (b) 7,977,000 Issue Shares will be made available to HEB Group's eligible Directors, employees and business associates/persons who have contributed to the success of HEB Group; and
- (c) 39,885,200 Issue Shares will be made available for private placement to selected investors.

**(v) Offer for Sale**

Concurrent with the listing of HEB, the Offerors namely Vitech Solutions Sdn Bhd and Flamingo Works Sdn Bhd will undertake an offer for sale of 31,908,100 HEB Shares at the IPO Price by way of private placement to selected Bumiputera investors approved by Ministry of International Trade and Industry.

**(vi) Special Restricted Share Plan ("Special RSP")**

Concurrent with the listing of HEB, the Offerors will grant 10,816,584 HEB Shares at zero consideration to selected employees of the Group.

**(vii) Listing**

Upon completion of the IPO, the Company's entire enlarged issued and paid-up share capital of RM31,908,101 comprising of 319,081,010 HEB Shares shall be listed on the ACE Market of Bursa Securities.

**2. BASIS OF PREPARATION**

The Pro Forma Consolidated Statements of Financial Position of HEB as at 31 December 2015 have been prepared for illustrative purposes only, to show how the consolidated statement of financial position of HEB as at 31 December 2015 would be presented had the Acquisitions of Subsidiaries including the HEB Shares Subscription pursuant to the Acquisition of HBS, and the Public Issue as described in Note 1 above had been completed on 31 December 2015 and all the effects of the events or transactions had been incorporated in the financial statements of HEB on that date.

*For identification only*

**AZMAN, WONG, SALLEH & CO. (AF: 0012)**  
Chartered Accountants

Kuala Lumpur

### 13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

HSS Engineers Berhad (1128564-U)  
(Incorporated in Malaysia)

Appendix I

#### NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONTINUED)

#### 2. BASIS OF PREPARATION (CONTINUED)

The Pro Forma Consolidated Statements of Financial Position are compiled based on the audited combined financial statements of HEB for the financial year ended 31 December 2015 which have been prepared in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The combined financial statements of HEB incorporate the financial information included in the audited financial statements of HEB, HSSE, HBS and BGV constituting HEB Group for the financial year ended 31 December 2015.

The bases and accounting policies used in the preparation of the Pro Forma Consolidated Statements of Financial Position are consistent with those adopted by HEB Group.

#### 3. PRO FORMA I - EFFECTS OF ACQUISITIONS OF SUBSIDIARIES

Pro Forma I incorporates the acquisitions by HEB of 100% equity interest of HSSE, HBS and BGV for a total purchase consideration of RM25,526,471 which is partly satisfied by the issuance of 250,332,404 new HEB Shares at an issue price of RM0.10 per HEB Share and partly by cash consideration of INR equivalent to RM493,231 and also the HEB Shares Subscription pursuant to the Acquisition of HBS.

Upon completion of the Acquisitions of Subsidiaries including the HEB Shares Subscription, the issued and paid-up share capital of HEB increased from RM10 comprising 100 HEB Shares to RM25,526,481 comprising 255,264,810 HEB Shares.

The Acquisitions of Subsidiaries are accounted for using the pooling of interest method or merger method on the basis that HSSE, HBS and BGV are under the control of common major shareholders whose equity interests in the combining entities have been acquired by the listing vehicle, HEB in consideration for new shares in HEB.

The merger method of accounting for the Acquisitions of Subsidiaries has resulted in a merger deficit calculated as follows: -

	Purchase consideration RM	Share capital and share premium of subsidiaries RM	Merger deficit RM
HSSE	22,739,776	(5,000,000)	17,739,776
HBS	1,644,102	(1,292,164)	351,938
BGV	1,142,593	(10,000)	1,132,593
Total	25,526,471	(6,302,164)	19,224,307

The merger deficit is charged against retained profits.

**For identification only**

**AZMAN, WONG, SALLEH & CO. (AF: 0012)**  
Chartered Accountants

Kuala Lumpur

**13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

HSS Engineers Berhad (1128564-U)  
(Incorporated in Malaysia)

Appendix I

**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015 (CONTINUED)**
**4. PRO FORMA II - EFFECTS OF PUBLIC ISSUE**

Pro Forma II incorporates the effects of Pro Forma I and the Public Issue of 63,816,200 new HEB Shares at the IPO price of RM0.50 per HEB Share.

Upon completion of the Public Issue, the issued and paid-up share capital of HEB will be increased from RM25,526,481 comprising 255,264,810 HEB Shares to RM31,908,101 comprising 319,081,010 HEB Shares.

The Public Issue of 63,816,200 new HEB Shares will raise cash proceeds of RM31,908,100 and resulted in a share premium account of RM25,526,480.

The cash proceeds of RM31,908,100 from the Public Issue are proposed to be utilised as follows: -

	RM
Expansion into same or allied services	24,000,000
Repayment of bank borrowings	4,000,000
General working capital	708,100
Estimated listing expenses	3,200,000
	<u>31,908,100</u>

The estimated listing expenses of RM3,200,000 are paid and charged against the share premium account. An amount of RM1,429,684 prepaid as at 31 December 2015 recovered from the cash proceeds is assumed to be retained as cash and bank balances together with the RM708,100 allocated for general working capital.

Pending utilisation, the RM24,000,000 allocated for expansion of business is assumed placed in interest bearing short term deposits with licensed banks.

**5. SUMMARY OF PRO FORMA EFFECTS**
**5.1 Other Receivables, Deposits and Prepayments**

	RM
As at 31 December 2015 - Listing expenses prepaid	1,429,684
Arising from the Acquisitions of Subsidiaries	4,453,231
Pro Forma I	<u>5,882,915</u>
Listing expenses charged to share premium	(1,429,684)
Pro Forma II	<u>4,453,231</u>

*For identification only*

**AZMAN, WONG, SALLEH & CO. (AF: 0012)**  
Chartered Accountants

Kuala Lumpur

**13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

HSS Engineers Berhad (1128564-U)  
(Incorporated in Malaysia)

Appendix I

**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015 (CONTINUED)**
**5. SUMMARY OF PRO FORMA EFFECTS (CONTINUED)**
**5.2 Short-term Deposits with Licensed Banks**

	RM
As at 31 December 2015	-
Arising from the Acquisitions of Subsidiaries	10,284,129
Pro Forma I	<u>10,284,129</u>
Placement of proceeds from the Public Issue	24,000,000
Pro Forma II	<u>34,284,129</u>

**5.3 Cash and Bank Balances**

	RM
As at 31 December 2015	10
Arising from the Acquisitions of Subsidiaries	610,934
Pro Forma I	<u>610,944</u>
Proceeds from the Public Issue	2,137,784
Pro Forma II	<u>2,748,728</u>

**5.4 Share Capital**

	No. of ordinary shares of RM0.10 each	Paid-up RM
As at 31 December 2015	100	10
Issuance of new shares pursuant to the Acquisitions of Subsidiaries including HEB Shares Subscription	255,264,710	25,526,471
Pro Forma I	<u>255,264,810</u>	<u>25,526,481</u>
Public Issue	63,816,200	6,381,620
Pro Forma II	<u>319,081,010</u>	<u>31,908,101</u>

**5.5 Share Premium**

	RM
As at 31 December 2015 and Pro Forma I	-
Arising from the Public Issue	25,526,480
Estimated listing expenses charged	<u>(3,200,000)</u>
Pro Forma II	<u>22,326,480</u>

*For identification only*
**AZMAN, WONG, SALLEH & CO. (AF: 0012)**  
Chartered Accountants

Kuala Lumpur



**13. REPORTING ACCOUNTANTS' LETTER ON PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

HSS Engineers Berhad (1128564-U)  
(Incorporated in Malaysia)

Appendix I

**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015 (CONTINUED)**
**5. SUMMARY OF PRO FORMA EFFECTS (CONTINUED)**
**5.6 (Accumulated Losses)/Retained Profits**

	RM
As at 31 December 2015	(6,979)
Arising from the Acquisitions of Subsidiaries	29,380,005
Merger deficit charged	<u>(19,224,307)</u>
Pro Forma I and Pro Forma II	<u>10,148,719</u>

**5.7 Bank Overdrafts**

	RM
As at 31 December 2015	-
Arising from the Acquisitions of Subsidiaries	13,767,989
Pro Forma I	<u>13,767,989</u>
Reduction by proceeds from the Public Issue	<u>(4,000,000)</u>
Pro Forma II	<u>9,767,989</u>

*For identification only*

**AZMAN, WONG, SALLEH & CO. (AF: 0012)**  
Chartered Accountants

Kuala Lumpur

## 14. DIRECTORS' REPORT



**ENGINEERS**

**HSS ENGINEERS BERHAD** (1128564-U)

Total Engineering Services

Wisma HSS Integrated, B1 Block B, Plaza Dwtasik, No.21 Jalan 5/106, Bandar Sri Permaisuri, 56000 Kuala Lumpur, Malaysia

T +603 9173 0355 | F +603 9173 0939 | E heb@hss.com.my | W www.hssgroup.com.my

### Registered Office:-

No. 2-1, Jalan Sri Hartamas  
Sri Hartamas  
50480 Kuala Lumpur

Date: **20 JUN 2016**

### The Shareholders of HSS Engineers Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of HSS Engineers Berhad ("HEB" or the "Company"), I report after due inquiry that during the period from 31 December 2015 (being the date to which the last audited financial statements of the Company and its subsidiaries have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the issue of this Prospectus), that:-

- (a) the business of the Company and its subsidiaries, in the opinion of the Directors, has been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the Company and its subsidiaries which have adversely affected the trading or the value of the assets of the Company or any of its subsidiaries;
- (c) the current assets of the Company and its subsidiaries that appear in the books are at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have risen by reason of any guarantees or indemnities given by the Company or any of its subsidiaries;
- (e) there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings since the last audited financial statements of the Company and its subsidiaries; and
- (f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Company and its subsidiaries since the last audited financial statements of the Company and its subsidiaries.

Yours faithfully,

For and on behalf of the Board of Directors of  
**HSS ENGINEERS BERHAD**

**DATO' IR. NITCHIANANTHAN A/L BALASUBRAMANIAM**  
Executive Director / Chief Executive Officer

## 15. STATUTORY AND OTHER INFORMATION

### 15.1 SHARE CAPITAL

- (a) We will not issue or allot any Shares on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
- (b) As at the date of this Prospectus, we only have one (1) class of shares, namely, ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.
- (c) Save for 7,977,000 Shares under the Pink Form Allocations and 10,816,584 Shares allocated under the Special RSP as disclosed in Sections 3.4.3 and 3.4.4 of this Prospectus respectively,
  - (i) no Director, employee or business associate of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
  - (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (d) Save for the new Shares issued and to be issued pursuant to the Acquisitions of Subsidiaries and Public Issue as disclosed in Sections 5.3 and 5.4 of this Prospectus, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past two (2) years immediately preceding the date of this Prospectus.
- (e) Other than our Public Issue as disclosed in Section 5.4 of this Prospectus, there is no intention on the part of our Directors to issue any part of the authorised but unissued share capital of our Company.
- (f) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

### 15.2 ARTICLES OF ASSOCIATION

The following provisions are extracted from our Company's Articles of Association. Terms defined in our Articles of Association shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

#### **(1) Remuneration of Directors**

The provisions in our Articles of Association dealing with remuneration of Directors are as follows:-

##### **Article 97**

The Directors shall be paid by way of remuneration for their services, such fixed sum (if any) as shall from time to time be determined by an ordinary resolution of the Company in general meeting, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine, or, failing agreement, equally, except that any Director who shall hold office or part only of the period in respect of which such remuneration is payable shall be entitled to rank in such division for a proportion of the remuneration related to the period during which he has held office PROVIDED ALWAYS that:-

---

**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

---

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

**(2) *Voting and Borrowing Powers of the Directors***

The provisions in our Articles of Association dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:-

**Article 102 – Directors’ Borrowing Powers**

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related company as may be thought fit.

**Article 119 – Restriction on Voting**

Subject to these Articles, the Act and the requirements of the Exchange, a Director may contract with and be interested in any contract or proposed contract with the Company and shall not be liable to account for any profit made by him by reason of any such contract; PROVIDED ALWAYS that the nature of the interest of the Director in any such contract be declared at a meeting of the Directors as required by Section 131 of the Act. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly a personal material interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

**Article 121 – Power to Vote**

A Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

---

**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

---

- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.

**(3) Changes in Share Capital and Variation of Class Rights**

The provisions in our Articles of Association dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:-

**Article 7 – Modification of Class Rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meetings, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy, one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, the provisions of Section 152 of the Act shall with such adaptations as are necessary, apply.

**Article 8 – Ranking of Class Rights**

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

**Article 53 – Power to increase capital**

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution in general meeting increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

**[ The rest of this page is intentionally left blank ]**

---

**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

---

**Article 54 – Offer of unissued original shares and new shares**

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities for the time being unissued and not allotted and any new shares or securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares held by persons entitled to any offer of new shares or securities) cannot, in the opinion of the Directors be conveniently offered under this Article.

**Article 55 – Waiver of convening extraordinary general meeting**

Subject to the Listing Requirements, the provisions of the Act, the Depositories Act and/or the Rules of the Depository and notwithstanding the existence of a resolution pursuant to Section 132D of the Act, the Company must ensure that it shall not issue any share or convertible securities if the nominal value of those shares or convertible securities, when aggregated with the nominal value of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten percent (10%) of the nominal value of the issued and paid-up capital of the Company, except where the shares of convertible securities are issued with the prior approval of the shareholders in a general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible securities that may be issued by the Company, if the security is a convertible security, each of such security is counted as the maximum number of shares into which it can be converted or exercised.

**Article 56 - New shares to rank with original shares**

Except so far otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

**Article 57 – Power to Alter Capital**

The Company may from time to time in general meeting by ordinary resolution:-

- (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

---

**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

---

- (c) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; and
- (d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

**Article 58 – Power to reduce Capital**

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

**(4) Transfer of Shares**

The provisions in our Articles of Association in respect of the arrangement for transfer of securities of our Company and restrictions on their free transferability are as follows:-

**Article 28 – Transfer of Securities**

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

**Article 29 – Instrument of Transfer**

Every instrument of transfer for Listed Securities shall be in writing and in the form approved in the Rules of the Depository and shall be presented to the Depository with such evidence (if any) as the Depository may require to prove the title of the intending transferor and that the intended transferee is a qualified person.

**Article 30 – Refusal to Transfer**

The Depository may refuse to register any transfer of Listed Securities that does not comply with the Depositories Act and the Rules of the Depository. Subject to the provisions of the Act, the Depositories Act and the Rules of the Depository, no Listed Securities in any circumstances be transferred or transmitted to any infant, bankrupt or person of unsound mind or any partnership or unincorporated association or body.

---

**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

---

**Article 31 – Suspension of Registration**

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. At least ten (10) clear Market Days' notice of intention to close the said register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange or such number of days as may be prescribed by the Exchange. The said notice shall state the purpose or purposes for which the Register is being closed. In relation to the closure, the Company shall give written notice in accordance with the Rules of Depository to prepare the appropriate Record of Depositors. Three (3) Market Days prior notice shall be given to the Depository to prepare the appropriate Record of Depositors Provided that where the Record of Depositors is required in respect of corporate actions at least seven (7) Market Days prior notice shall be given to the Depository or such other notice period in accordance with the Rules of the Depository to enable the Depository to issue the appropriate Record of Depositors.

**Article 32 – Renunciation**

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

**Article 33 – Reasonable Diligence**

Where by the exercise of reasonable diligence the Company is unable to discover the whereabouts of a Member for a period of not less than ten (10) years the Company may cause an advertisement circulating in the place shown in the Register or the Record of Depositors as the address of the Member stating that the Company after expiration of one (1) month from the date of the advertisement intends to transfer the Listed Securities to the Minister charged with responsibility for finance.

**Article 34 - Transfer of shares to Minister charged with responsibility for finance**

If after the expiration of one (1) month from the date of the advertisement the whereabouts of the Member remains unknown, the Company may transfer the Listed Securities held by the Member to the Minister charged with responsibility for finance and for the purpose may execute for and on behalf of such Members a transfer of those Listed Securities to the Minister charged with responsibility for finance.

**15.3 GENERAL INFORMATION**

- (a) Save for the purchase consideration paid to the shareholders of our subsidiaries pursuant to the Acquisitions of Subsidiaries as disclosed in Section 5.3 of this Prospectus, the purchase consideration paid to the shareholders of HSSI and HSSME pursuant to the Acquisition of HSSI and Acquisition of HSSME as disclosed in Section 5.3.6 of this Prospectus, Directors' remuneration as disclosed in Section 8.2.4 of this Prospectus and dividends paid out to the shareholders of our subsidiaries as disclosed in Section 12 (sub-section 4.28) of this Prospectus, no other amount or benefit has been paid or given within the past two (2) years immediately preceding the date of this Prospectus, nor is it intended to be so paid or given, to any of our Promoter, Director or substantial shareholder.



## 15. STATUTORY AND OTHER INFORMATION

- (b) Save as disclosed in Section 10.1 of this Prospectus, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in Section 16 of this Prospectus.
- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

### 15.4 MATERIAL LITIGATION AND CONTINGENT LIABILITY

As at the date of this Prospectus, our Group is not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and our Directors do not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our position or business. However, our associated company, HSSI, is involved in the following:-

**(a) Kuala Lumpur High Court Suit No. WA-23NCVC-26-06/2016  
MRCB Engineering Sdn Bhd ("MESB") vs Somnath Mukherjee and HSSI**

MESB ("Plaintiff") filed a Writ of Summons and Statement of Claim against Somnath Mukherjee, as the First Defendant, and HSSI as the Second Defendant, on 15 June 2016 alleging that the First Defendant had made a defamatory statement during a meeting held on 2 March 2016 with regards to the LRT Ampang Line Extension project ("Project"). The Plaintiff is the contractor for the construction of the facilities work for the Project. Somnath Mukherjee is an employee of HSSE and HSSI is the engineering and supervising consultant for the Project.

Pursuant to the Statement of Claim, the Plaintiff is claiming for damages on the basis that the alleged defamatory statement was calculated to disparage the Plaintiff in its trade and/or business and/or to injure the Plaintiff's business reputation and good name. The Plaintiff did not specify the amount of damages in the Statement of Claim and it will be up to the discretion of the Court to determine the amount to be awarded to the Plaintiff, if any.

HSSI's solicitors are of the opinion that HSSI has a good defence *inter alia* in qualified privilege, to the claim made by the Plaintiff. Nevertheless, in the event that HSSI is unsuccessful in its defence, HSSI's solicitors are of the opinion that the damages are unlikely to exceed RM300,000. The case has been fixed for case management on 18 July 2016.

As at date of this Prospectus, our Directors confirm that there are no contingent liabilities incurred by us or our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries.

## 15. STATUTORY AND OTHER INFORMATION

### 15.5 MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiaries within the past two (2) years immediately preceding the date of this Prospectus:-

- (a) The Teaming and Support Services Agreement;
- (b) The Shareholding Agreements;
- (c) The share sale agreement dated 16 April 2015 and supplemented by a supplemental share sale agreement dated 11 April 2016 entered into between our Company and Dominant Sphere and ADI Capital for the Acquisition of HSSE;
- (d) The share sale agreement dated 16 April 2015 entered into between our Company and Datuk Ir. Kunasingam A/L V. Sittampalam, the late Datuk Ir. Santhakumar A/L C. Sivasubramaniam, Dato' Ir. Nitchiananthan A/L Balasubramaniam, Ir. Sharifah Azlina Binti Raja Kamal Pasmah, Ganesh Balasubramanian and Jagannathan Ragunathan, and as supplemented by a supplemental share sale agreement dated 11 April 2016 between our Company and Datuk Ir. Kunasingam A/L V. Sittampalam, Vanessa A/P Santhakumar, Dato' Ir. Nitchiananthan A/L Balasubramaniam, Ir. Sharifah Azlina Binti Raja Kamal Pasmah, Ganesh Balasubramanian and Jagannathan Ragunathan for the Acquisition of HBS;
- (e) The share sale agreement dated 16 April 2015 entered into between our Company and Datuk Ir. Kunasingam A/L V. Sittampalam, the late Datuk Ir. Santhakumar A/L C. Sivasubramaniam, Dato' Ir. Nitchiananthan A/L Balasubramaniam, Ir. Sharifah Azlina Binti Raja Kamal Pasmah, Ganesh Balasubramanian and Jagannathan Ragunathan, and as supplemented by a supplemental share sale agreement dated 11 April 2016 between our Company and Datuk Ir. Kunasingam A/L V. Sittampalam, Vanessa A/P Santhakumar, Dato' Ir. Nitchiananthan A/L Balasubramaniam, Ir. Sharifah Azlina Binti Raja Kamal Pasmah, Ganesh Balasubramanian and Jagannathan Ragunathan for the Acquisition of BGV;
- (f) The share subscription agreement dated 11 April 2016 between our Company and Ganesh Balasubramanian and Jagannathan Ragunathan for the subscription of a total of 4,932,306 HEB Shares at the issue price of RM0.10 per Share;
- (g) The share sale agreement dated 30 May 2016 entered into between HSSE, Datuk Ir. Kunasingam A/L V. Sittampalam and Dato' Ir. Nitchiananthan A/L Balasubramaniam for the Acquisition of HSSI;
- (h) The share sale agreement dated 30 May 2016 entered into between HSSE and and Ir. Azman Bin Ab. Rahman for the Acquisition of HSSME; and
- (i) The Underwriting Agreement dated 15 June 2016 entered into between our Company and M&A Securities for the underwriting of 23,931,000 Issue Shares for an underwriting commission of 3.0% of the IPO Price multiplied by the number of Issue Shares being underwritten.

## **15. STATUTORY AND OTHER INFORMATION**

### **15.6 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFITS**

India has no significant exchange controls on both capital and revenue flows. In general, the profits generated from our subsidiary, HBS in India can be repatriated without restriction after payment of relevant taxes due.

The regulations in this regard are laid down in Reserve Bank of India's ("RBI") Master Circular No. 15 / 2015-16 dated July 1, 2015 on Foreign Investment in India ("Master Circular") read with the Foreign Direct Investment Policy of the Government of India ("FDI Policy").

(a) Repatriation of capital

Foreign equity capital invested in Indian companies can be repatriated along with capital appreciation, if any, after the payment of taxes due on them. The sale of shares of an Indian company from a person resident outside India to a person resident in India or to a person resident outside India is not subject to the prior approval of RBI.

In the event of liquidation (winding up) of an Indian company, the winding up proceeds can be repatriated out of India and no prior RBI approval would be required for the same. As per the Master Circular/FDI Policy, such payment would be subject to applicable taxes in India.

(b) Remittance of profits

As per the Master Circular/FDI Policy, dividends can be freely repatriated from India without prior RBI approval, upon payment of applicable taxes in India.

### **15.7 PUBLIC TAKE-OVERS**

During the last financial year and the current financial year up to the LPD, there were:-

- (a) no public take-over offers by third parties in respect of our Shares; and
- (b) no public take-over offers by our Company in respect of other companies' shares.

### **15.8 CONSENTS**

- (a) The written consents of the Adviser, Sponsor, Underwriter, Placement Agent, Principal Banker, Solicitors, Share Registrar, Company Secretaries and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (b) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and letter relating to the Pro forma Consolidated Financial Information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (c) The written consent of the IMR to the inclusion in this Prospectus of its name and the Independent Market Research Report titled "Strategic Analysis of the Engineering and Project Management Services Market and Overview of the Water Services Industry and Energy Sector in Malaysia. Market Overview of the Construction Industry in the Middle East and India", in the form and context in which they are contained in this

---

## **15. STATUTORY AND OTHER INFORMATION**

---

Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

### **15.9 DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of twelve (12) months from the date of this Prospectus:-

- (a) Memorandum and Articles of Association of our Company;
- (b) The audited combined financial statements of HEB Group for the three (3) FYEs 2013 to 2015;
- (c) The Accountants' Report as set out in Section 12 of this Prospectus;
- (d) The Reporting Accountants' Letters relating to our Pro forma Consolidated Statements of Financial Position as set out in Section 13 of this Prospectus;
- (e) The executive summary of the Independent Market Research Report titled "Strategic Analysis of the Engineering and Project Management Services Market and Overview of the Water Services Industry and Energy Sector in Malaysia. Market Overview of the Construction Industry in the Middle East and India" prepared by the IMR as set out in Section 7 of this Prospectus, and the full report thereon;
- (f) The Directors' Report as set out in Section 14 of this Prospectus;
- (g) Material contracts as set out in Section 15.5 of this Prospectus; and
- (h) The letters of consent as set out in Section 15.8 of this Prospectus.

### **15.10 RESPONSIBILITY STATEMENTS**

Our Directors and Promoters have seen and approved this Prospectus, and they collectively and individually accept full responsibility for the accuracy of the information contained herein, and confirm that after making 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 this Prospectus false or misleading.

M&A Securities acknowledge that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

**[ The rest of this page is intentionally left blank ]**

---

**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE**


---

**16.1 OPENING AND CLOSING OF APPLICATION**

The application period will open at 10.00 a.m. on 29 June 2016 and will remain open until at 5.00 p.m. on 22 July 2016 or for such further period or periods as our Directors, Promoters, Offerors and the Underwriter may in their absolute discretion may mutually decide. Any changes to the Closing Date will be published in a widely circulated daily Bahasa Malaysia and English newspapers within Malaysia prior to the original closing date of the application. Following this, the dates for the balloting of the applications for our IPO Shares, allotment of our IPO Shares and Listing would be extended accordingly. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

**16.2 METHODS OF APPLICATION**

The Applications shall be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles.

<b>Types of Application</b>	<b>Application Method</b>
Applications for the 7,977,000 Issue Shares made available for application by our eligible Directors, employees and business associates/persons who have contributed to the success of our Group.	Pink Form Applications only
Applications for the 15,954,000 Issue Shares made available for applications by the Malaysian Public:-	
(a) Malaysian Public – Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Malaysian Public – Non-Individuals	White Application Form only

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

[ The rest of this page is intentionally left blank ]

---

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

---

### 16.3 APPLICATIONS USING APPLICATION FORM

#### 16.3.1 Types of Application Forms

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

- (a) **Pink Application Forms** for application by our eligible Directors, employees and business associates/persons who have contributed to the success of our Group.
- (b) **White Application Forms** for application by the Malaysian Public.

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

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

#### 16.3.2 Terms and Conditions for Applications Using Application Forms

Only one (1) Application Form from each applicant will be considered and an application must be for one hundred (100) ordinary shares of RM0.10 each or multiples thereof. **MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED.** If you submit multiple applications in your own name or by using the name of others, with or without their consents, you will be committing an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and a jail term of up to ten (10) years under Section 182 of the CMSA.

Application for our IPO Shares must be made on the respective Application Form provided together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and in this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed thereon shall constitute integral part of this Prospectus. Applications which do not **STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed thereon or which are illegible may not be accepted.

Each completed Application Form must be accompanied by a remittance in Ringgit Malaysia for the full amount payable by either:

- (a) BANKER'S DRAFT OR CASHIER'S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants); or
- (b) MONEY ORDER OR POSTAL ORDER (for applicants from Sabah and Sarawak only); or
- (c) GUARANTEED GIRO ORDER ("GGO") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants); or
- (d) ATM STATEMENTS OBTAINED FROM ANY OF THE FOLLOWING FINANCIAL INSTITUTIONS:
  - HONG LEONG BANK BERHAD;
  - MALAYAN BANKING BERHAD;
  - RHB BANK BERHAD.

---

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

---

made out in favour of:-

**"TIH SHARE ISSUE ACCOUNT NO. 664"**

and crossed **"A/C Payee Only"** (excluding ATM statements) and endorsed on the reverse side with your name and address.

Applications accompanied by mode of payment other than in the manner stated above or with excess or insufficient remittances or inappropriate Banker's Drafts, Cashier's Orders, Money Orders or Postal Order, ATM Statement or GGO will not be accepted. Details of remittances must be completed in the appropriate boxes provided in the Application Forms.

If you are an individual and not a member of the Armed Forces/Police, your name and national registration identity card number must be exactly the same as that stated in:-

- (a) Your national registration identity card;
- (b) Any valid temporary identity document issued by the National Registration Department from time to time; or
- (c) Your "Resit Pengenalán Sementara (**"KPPK 09"**) issued pursuant to Peraturan 5(5), Peraturan- Peraturan Pendaftaran Negara 1990.

If you are a member of the Armed Forces/Police, your name and your Armed Forces or Police personnel number, as the case may be, must be exactly the same as that stated in your authority card and your address must be the address of your respective camp, base or station.

For corporation/institutional applicants, the name and certificate of incorporation number must be exactly the same as that stated in the corporation's or certificate of incorporation and the address must be the registered address.

We, together with our Issuing House will not issue any acknowledgement of the receipt of your Application Form or application monies.

Applications accompanied by mode of payment other than those stated above or with excess or insufficient remittance may not be accepted. You must complete details of the remittance in the appropriate boxes provided on the Application Form.

You must state your CDS Account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS Account to our Issuing House and/or our Company. If you do not presently have a CDS Account, you may open one (1) by contacting any one of the ADAs listed in Section 16.9 of this Prospectus.

You must write your name and address on the reverse side of the Banker's Draft, Cashier's Order, ATM statement, Money Order or GGO from Bank Simpanan Nasional Malaysia Berhad.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by ORDINARY POST in the official envelopes provided to the following address:-

---

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

---

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)  
Unit 32-01, Level 32, Tower A, Vertical Business Suite  
Avenue 3, Bangsar South  
No.8, Jalan Kerinchi  
59200 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at their Customer Service Centre, Ground Floor, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

OR **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

so as to arrive not later **than 5.00 p.m. on 22 July 2016** or such other date or dates as our Directors and the Sole Underwriter may, in their absolute discretion, mutually decide.

**Registered post must not be used.**

No acknowledgement of the receipt of Application Forms or application monies will be made.

Please direct all enquiries in respect of the White Application Form to our Issuing House.

### 16.4 APPLICATIONS USING ELECTRONIC SHARE APPLICATION

#### 16.4.1 Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches with the respective processing fee:-

- Affin Bank Berhad – No fee will be charged for application by their account holders;
- AmBank (M) Berhad – RM1.00;
- CIMB Bank Berhad – RM2.50
- HSBC Bank Malaysia Berhad – RM2.50;
- Malayan Banking Berhad – RM1.00;
- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50; or
- Standard Chartered Bank Malaysia Berhad (as selected branches only) – RM2.50

#### 16.4.2 Terms and Conditions for Electronic Share Application

The procedures for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions. For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in Section 16.4.3 of this Prospectus. The steps set out the actions that you must take at the ATM to complete an Electronic Share Application. Please read and understand carefully the terms of this Prospectus, the steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

**In the case of Electronic Share Application, only an applicant who is an individual with a CDS Account is eligible to utilise the facility.**



---

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

---

You must have an existing bank account with, and be an ATM cardholder of, one (1) of the Participating Financial Institutions before you can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our IPO Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or Issuing House. The Transaction Record is for your retention and should not be submitted with any Application Form.

Upon the closing of offer for the application for our IPO Shares on 22 July 2016 at 5.00 p.m., the Participating Financial Institutions shall submit the magnetic tapes containing their respective customers' applications for our IPO Shares to our Issuing House as soon as practicable but not later than 12.00 p.m. of the second (2<sup>nd</sup>) business day after the Closing Date and Time.

You are allowed to make an Electronic Share Application for our IPO Shares via an ATM that accepts the ATM cards of the Participating Financial Institutions with which you have an account and its branches, subject to you making only one (1) Application. You can apply for our IPO Shares via an ATM card of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to you making only one (1) Application.

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

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:-

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of our Company.
- (b) You are required to confirm the following statements (by depressing predesignated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:-
  - (i) You have attained 18 years of age as at the Closing Date;
  - (ii) You are a Malaysian citizen residing in Malaysia;
  - (iii) You have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
  - (iv) This is the only application that you are submitting; and
  - (v) You thereby give consent to the participating financial institution and Bursa Depository to disclose information pertaining to yourself and your account with the participating financial institution and Bursa Depository to our Issuing House and other relevant authorities.

---

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

---

- (c) 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 Institutions. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia, including Section 133 of the Financial Service Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to our Issuing House or any other relevant regulatory bodies.
- (d) You confirm that you are not applying for our IPO Shares as nominee of any other person and that any Electronic Share Application that you make is made by yourself as the beneficial owner. You shall only make one (1) Electronic Share Application and shall not make any other application for our IPO Shares, whether at the ATMs of any Participating Financial Institution or on the prescribed Application Forms or via Internet share application.
- (e) You must have sufficient funds in your account with the relevant Participating Financial Institutions at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (f) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key on the ATM) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number IPO Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles.
- (g) Our Issuing House, acting under the authority of our Board, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (h) You request and authorise us:-
  - (i) to credit our IPO Shares allotted or allocated to you into your CDS Account; and
  - (ii) to issue share certificate(s) representing such IPO Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.

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

- (i) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, Issuing House, the Participating Financial Institution or Bursa Depository, and irrevocably agree that if:-
- (i) our Company or Issuing House do/does not receive your Electronic Share Application; and
  - (ii) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or Issuing House,
- you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against the Company, the Issuing House, the Participating Financial Institutions or Bursa Depository for our IPO Shares applied for or for any compensation, loss or damage.
- (j) All your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct and our Company, Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (k) You shall ensure that your particulars as recorded by both Bursa Depository and the relevant participating financial institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (l) By making and completing an Electronic Share Application, you agree that:-
- (i) in consideration of our Company agreeing to allow and accept the making of any application for our IPO Shares via the Electronic Share Application facility established by the Participating Financial Institution at their respective ATMs, your Electronic Share Application is irrevocable;
  - (ii) our Company, the Participating Financial Institutions, Bursa Depository and our Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown, failure of transmission or communication facilities, or to any cause beyond our/their control;
  - (iii) notwithstanding the receipt of any payment by our Company or on behalf of our Company, the acceptance of your offer to subscribe for and purchase of our IPO Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said IPO Shares;
  - (iv) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of our IPO Shares allotted or allocated to you; and

---

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

---

- (v) our Company agrees that in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the electronic share scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (m) Our Issuing House, acting under the authority of our Board, reserves the right to reject applications which do not conform to these instructions.

### 16.4.3 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account;
- (b) You must have a CDS Account; and
- (c) You have to choose the Electronic Share Application option at the ATM of the Participating Financial Institution. Mandatory statements required in the Application are set out on Section 16.4.2 of this Prospectus relating to the terms and conditions for Electronic Share Application. You have to enter at least the following information through the ATM where the instructions on the ATM screen require you to do so:-
  - Personal Identification Number ("PIN Number");
  - **TIIH Share Issue Account Number No. 664;**
  - CDS Account number;
  - Number of IPO Shares applied for and/or the Ringgit Malaysia amount to be debited from the account; and
  - Confirmation of several mandatory statements.

## 16.5 APPLICATIONS USING INTERNET SHARE APPLICATION

### 16.5.1 Steps for Internet Share Application through an Internet Participating Financial Institution's website

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

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

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

---

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

---

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account.
- (b) Login to the Internet financial services facility by entering your user identification and PIN Number/password.
- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of our IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share 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 the online application form such as the Shares counter, NRIC number, CDS Account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.

By confirming such information, you also undertake that the following information given is true and correct:-

- (i) You have attained eighteen (18) years of age as at the Closing Date;
- (ii) You are a Malaysian citizen residing in Malaysia;
- (iii) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of the Prospectus, the contents of which you have read and understood;
- (iv) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for our IPO Shares;
- (v) The Internet Share Application is the only application that you are submitting for our IPO Shares;
- (vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
- (vii) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Service Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to our Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;

---

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

---

- (viii) You are not applying for our IPO Shares as a nominee of any other person and the application is made in your own name, as the beneficial owner and subject to the risks referred to in this Prospectus; and
- (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO Shares, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with our IPO Shares. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of your information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services;
- (h) Upon submission of your online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application money for our IPO.
- (i) As soon as your transaction is completed, a message from the Authorised Financial Institution pertaining to your payment status will appear on the screen of the website through which the online payment of your application money is being made.
- (j) Subsequent to the above, the Internet Participating Financial Institution shall confirm that your Internet Share Application has been completed, via the Confirmation Screen on its website.
- (k) You are advised to print out the Confirmation Screen for reference and retention.

**16.5.2 Terms and Conditions for Internet Share Application**

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

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

**Internet Participating Financial Institution**

Internet Share Applications may be made through a website of the following Participating Financial Institutions with the respective processing fee:-

- CIMB Investment Bank Berhad ([www.eipocimb.com](http://www.eipocimb.com)) – RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;
- CIMB Bank Berhad ([www.cimbclicks.com.my](http://www.cimbclicks.com.my)) – RM2.00 for applicants with CDS Accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS Accounts with other ADAs;
- Malayan Banking Berhad ([www.maybank2u.com.my](http://www.maybank2u.com.my)) – RM1.00;

---

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

---

- RHB Bank Berhad ([www.rhb.com.my](http://www.rhb.com.my)) – RM2.50;
- Affin Bank Berhad ([www.affinOnline.com](http://www.affinOnline.com)) – No fees will be charged for application by their account holders;
- Public Bank Berhad ([www.pbebank.com](http://www.pbebank.com)) – RM2.00; and
- Affin Hwang Investment Bank Berhad ([www.trade.affinhwang.com](http://www.trade.affinhwang.com)) - No fees will be charged for application by their account holders.

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

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

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

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

- (a) You can make an Internet Share Application if you fulfill all of the following:
- (i) You are an individual with a CDS Account and in the case of a joint account, an individual CDS Account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS Account registered in the joint account holder's name;
  - (ii) You have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification ("User ID") and Personal Identification Numbers ("PIN")/password for the relevant Internet financial services facilities; and
  - (iii) You are a Malaysian citizen and have a mailing address in Malaysia.

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

- (b) An Internet Share Application shall be made on and shall be subject to the terms of this prospectus and our Company's Memorandum and Articles.

---

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

---

- (c) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:
- (i) You have attained eighteen (18) years of age as at the Closing Date;
  - (ii) You are a Malaysian citizen residing in Malaysia;
  - (iii) You have, prior to making your Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
  - (iv) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in the Prospectus before making your Internet Share Application for our IPO;
  - (v) Your Internet Share Application is the only application that you are submitting for our IPO Shares;
  - (vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
  - (vii) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Service Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to our Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
  - (viii) You are not applying for our IPO Shares as a nominee of any other person and your application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
  - (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with our IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of your information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.



---

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

---

- (d) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that your Internet Share Application has been completed and states the details of your Internet Share Application, including the number of IPO Shares applied for which you can print out for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 16.5.2 (c) of this Prospectus.

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

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

- (i) Your acceptance of the number of IPO Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
- (ii) Your agreement to be bound by the Memorandum and Articles of our Company.
- (g) You are fully aware that multiple or suspected multiple Internet Share Applications for our IPO Shares will be rejected. Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefore. We will give due consideration to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

---

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

---

- (h) If your Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. If your Internet Share Application is unsuccessful, the Internet Participating Financing Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of your application money in Ringgit Malaysia (without interest or any Shares of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from our Issuing House.

Our Issuing House shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within two (2) Market Days from the balloting date.

If your Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of your application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution within two (2) Market Days after receipt of written confirmation from our Issuing House. However, a number of applications will be held in reserve to replace any successfully balloted applications that are subsequently rejected. If your application is held in reserve, and subsequently rejected, your application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to you by the Internet Participating Financial Institutions by crediting into the applicant's account with the Internet Participating Financial Institution within ten (10) Market Days from the day of the final ballot of the applications list.

If your application is held in reserve and which are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within ten (10) Market Days from the day of the final ballot of the applications list.

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

- (i) Internet Share Applications will be closed at 5.00 p.m. on 22 July 2016 or such other date(s) as our Directors, Promoters, and Vendor's together with the Underwriter may decide in their absolute discretion. An Internet Share Application is deemed to be received only upon its completion, which is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.

---

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

---

(j) You irrevocably agree and acknowledge that your Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution, our Issuing House and our Company. If, in any such event, we, our Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or the payment therefore, or in the event that any data relating to your Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an Internet Share Application and you shall have made no claim whatsoever against us, our Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to our IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

(k) All of your particulars in the records of the relevant Internet Participating Financial Institution at the time of your Internet Share Application shall be deemed to be true and correct, and we, our Issuing House, the Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

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

(l) By making and completing an Internet Share Application, you are deemed to have agreed that:-

(i) in consideration of us making available the Internet Share Application facility to you, through the Internet Participating Financial Institution acting as our agents, the Internet Share Application is irrevocable;

(ii) you have irrevocably requested and authorised us to register our IPO Shares allotted or allocated to you for deposit into your CDS Account;

(iii) neither we nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to your Internet Share Application to our Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 16.5.2(j) of this Prospectus or to any cause beyond their control;

---

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

---

- (iv) you shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by our Issuing House, us and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
- (v) the acceptance of the offer made by you to subscribe for our IPO Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by us or on our behalf and not otherwise, notwithstanding the receipt of any payment by us or on our behalf;
- (vi) you are not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your Internet Application by us;
- (vii) in making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, M&A Securities and any other person involved in our IPO shall not be liable for any information not contained in this Prospectus which may have been relied on by you in making the Internet Share Application; and
- (viii) the acceptance of your Internet Share Application by us and the contract resulting therefrom under our IPO shall be governed by and construed in accordance with the laws of Malaysia, and you irrevocably submit to the jurisdiction of the courts of Malaysia.

**16.6 APPLICATIONS AND ACCEPTANCES**

You can only apply for our IPO Shares if:-

- (i) You have attained eighteen (18) years of age as at the Closing Date;
- (ii) You are a Malaysian citizen residing in Malaysia;
- (iii) You are a corporation/institution incorporated in Malaysia where, there is a majority of Malaysian citizens on your board of Directors/trustee and if you have a share capital, more than half of your issued share capital, excluding preference share capital, is held by Malaysian citizens;
- (iv) You are a superannuation, provident or pension fund established or operating in Malaysia;
- (v) You have a CDS Account;
- (vi) You have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
- (vii) You are not a Director or employee of our Issuing House or their immediate family members;

---

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

---

- (viii) This is the only application that you are submitting; and
- (ix) You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining yourself and your account with the Participating Financial Institution and Bursa Depository to us, our Issuing House and other relevant authorities.

The amount payable in full on application is RM0.50 per IPO Share. Persons submitting applications by way of Application Forms may not submit applications by way of Electronic Share Applications or by way of Internet Share Application and vice versa. A corporation or institution cannot submit an Application by way of Electronic Share Application or Internet Share Application.

Our Issuing House, acting under the authority of our Board reserves the right not to accept any Application or accept any Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our IPO Shares.

Our Issuing House, acting under the authority of our Board reserves the right not to accept any application which does not strictly comply with the instructions or to accept any Application in part only without assigning any reason therefore.

The submission of your Application Form or the completion of your Electronic Share Application or Internet Share Application does not necessarily mean that your Application will be successful.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner as approved by our Directors. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner, and in our best interest. Due consideration will be given to the desirability of distributing our IPO Shares to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the trading of our Shares.

The final allocation of our IPO Shares to any single applicant will be made to ensure that our Company complies with the public shareholding spread requirement under the Listing Requirements, which is at least 25% of our total enlarged issued and paid-up share capital of our Shares for which listing is sought must be in the hands of public shareholders, with a minimum of 200 public shareholders holding not less than 100 Shares each upon admission to the Official List of the ACE Market of Bursa Securities. In the event that the above requirement is not met pursuant to our Listing, we may not be allowed to proceed with our Listing. In the event thereof, your monies paid in respect of your Applications will be returned without interest of the said permission for listing and quotation is not granted. Applicants will be selected in a manner determined by our Directors.

**YOUR APPLICATION MUST BE FOR 100 ORDINARY SHARES OF RM0.10 EACH OR MULTIPLES THEREOF.**

In the event of an under-subscription of IPO Shares by the Malaysian Public, such number of IPO Shares not applied for will be reallocated in the manner as specified in Section 3.4.5 of this Prospectus.

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

If you are unsuccessful/partially successful in your Application, the full amount or the balance of the Application monies, as the case may be, will be refunded without interest in the following manner:-

- (a) For an Application by way of Application Form, the application monies or the balance of it, as the case may be, will be returned to you via the self-addressed and stamped Official "A" envelope you provided, by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend /distribution if you have provided such bank account information to Bursa Depository or by ordinary post to your last address maintained with the Bursa Depository, if you have not provided such bank account information to Bursa Depository (for partially successful applications), at your own risk within ten (10) Market Days from the date of the final ballot.

If your application is rejected because you did not provide a CDS Account, the full amount of your application monies will be sent to you to the address as per the NRIC or "Resit Pengenalan Sementara (KPPK 09)" or any valid temporary identity document as issued by the National Registration Department from time to time, or authority card in the case of armed forces/police personnel, at your own risk.

Our Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded within ten (10) Market Days from the date of the final ballot by crediting into your bank account for purposes of cash dividend /distribution if you have provided such bank account information to Bursa Depository or by ordinary post to your last address maintained with the Bursa Depository at your own risk if you have not provided such bank account information to Bursa Depository.

- (b) For an Application by way of Electronic Share Application, where an Electronic Share Application is not successful or successful in part only, the relevant participating financial institution will be informed of the non-successful or partially successful applications. If the Electronic Share Application is not successful, the relevant Participating Financial Institutions will credit the full amount of your Application monies into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from our Issuing House. Our Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful Applications within two (2) Market Days after the balloting date. You may check your account on the fifth (5<sup>th</sup>) Market Day from the balloting date.

Where your Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of your Application monies without interest into your account with the participating financial institution within two (2) Market Days after the receipt of confirmation from our Issuing House. A number of Applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such Applications, which are subsequently rejected, the Application monies without interest will be refunded to you by the Participating Financial Institutions by crediting into the applicant's account with the Participating Financial Institution not later than ten (10) Market Days from the day of the final ballot of the application list.

- (c) For an Application by way of Internet Share Application, please refer to Section 16.5.2(h).

---

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

---

If you encounter any problems in your Application, you may refer to the Participating Financial Institutions.

If you are successful in your Application, our Directors reserve the rights to require you to appear in person at the registered office of our Issuing House within fourteen (14) days of the date of the notice issued to you to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any of your expenses incurred or to be incurred for the purpose of complying with this provision.

Your remittance having been presented for payment shall not signify that your Application has been accepted.

**16.7 CDS ACCOUNT**

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

Following the above, in accordance to Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, all dealings in our IPO Shares of our Company including our IPO Shares will be by book entries through CDS Accounts. No share certificates will be issued to you.

You must have a CDS Account when applying for our IPO Shares. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an application for our IPO Shares.

In the case of an Application by way of Application Form, you should state your CDS Account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS Account to our Issuing House or our Company and any relevant regulatory bodies, as the case may be.

In the case of an Application by way of Electronic Share Application, you shall furnish your CDS Account number to the Participating Financial Institution by way of keying in your CDS Account number if the instructions on the ATM screen require you to do so.

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

Failure to comply with these specific instructions or inaccuracy in the CDS Account number, arising from use of invalid, third party or nominee accounts, may result in the Application being rejected. If a successful applicant fails to state his / her CDS Account number, our Issuing House, on our authority, will reject the Application. Our Issuing House, acting under the authority of our Board also reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the

---

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

---

Electronic Share Application or Internet Share Application differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

**16.8 NOTICES OF ALLOTMENT**

Our IPO Shares allocated to you will be credited into your CDS Account if you are successful or partially successful in your application. A notice of allotment will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application.

You shall ensure that your personal particulars as recorded by both Bursa Depository and relevant participating financial institutions are correct and identical. You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of Bursa Depository, failing which the notification letter on successful allotment shall be sent to your address last registered with Bursa Depository.

You may also check the status of your application by calling your respective ADAs as stated in Section 16.9 or at the telephone numbers of our Issuing House stated below (during office hours only) or by checking at our Issuing House's website stated below after the date of allotment of the Shares:

Issuing House Enquiry Services : 03-2783 9299  
Issuing House Website : [www.myetricor.com](http://www.myetricor.com)

**[ The rest of this page is intentionally left blank ]**



**16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****16.9 LIST OF ADAs**

The list of ADAs and their respective addresses, telephone numbers and ADA codes are as follows:-

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>KUALA LUMPUR</u></b>		
AFFIN HWANG INVESTMENT BANK BHD	Ground, Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2143 8668	068-018
AFFIN HWANG INVESTMENT BANK BHD	No. 38A & 40A Jalan Midah 1 Taman Midah Cheras 56000 Kuala Lumpur Tel No.: 03-9130 8803	068-021
ALLIANCE INVESTMENT BANK BHD	17 <sup>th</sup> Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2604 3333	076-001
AMINVESTMENT BANK BERHAD	8-9, 11-18, 21-25 Floor Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2036 2633	086-001
BIMB SECURITIES SDN BHD	32 <sup>nd</sup> Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2691 8887	024-001
CIMB INVESTMENT BANK BHD	Principal Office Level 17, Menara CIMB Jalan Stesen Sentral 2 50470 Kuala Lumpur Tel No.: 03-2261 8888	065-001
CITIGROUP GLOBAL MARKETS MALAYSIA SDN BHD	Level 43, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2383 3890	038-001
CLSA SECURITIES SDN BHD	Bilik 20-01, Aras 20 Menara Dion2 7 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2056 7888	033-001

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>KUALA LUMPUR (CONT'D)</u></b>		
CREDIT SUISSE SECURITIES (MALAYSIA) SDN BHD	Suite 7.6, Level 7 Menara IMC8, Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 2723 2020	036-001
FA SECURITIES SDN BHD	A-10-17 & A-10-1 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No.: 2288 1676	021-002
HONG LEONG INVESTMENT BANK BERHAD	Level 6, 7, 17, 19, 22 & 23 Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001
HONG LEONG INVESTMENT BANK BERHAD	18 <sup>th</sup> & 21 <sup>st</sup> Floor Menara Raja Laut 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No.: 03-2692 8899	066-006
AFFIN HWANG INVESTMENT BANK BHD	Tingkat 2, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009
INTER-PACIFIC SECURITIES SDN BHD	No.33 (First Floor) Jalan Radin Bagus 57000 Bandar Baru Seri Petaling Tel No.: 03-9056 2922	054-007
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-2117 1888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Tingkat Bawah, 7-0-8 Jalan 3/109F Danau Business Centre Danau Desa 58100 Kuala Lumpur Tel No.: 03-7984 7796	054-003
J.P.MORGAN SECURITIES (MALAYSIA) SDN BHD	Level 18, Integra Tower The Intermark, 348 Jalan Tun Razak 50250 Kuala Lumpur Tel No.: 03-2270470	035-001

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>KUALA LUMPUR (CONT'D)</u></b>		
JUPITER SECURITIES SDN BHD	Level 8 & 9, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11 <sup>th</sup> - 14 <sup>th</sup> Floor Chulan Tower, No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2168 8800	053-001
KENANGA INVESTMENT BANK BHD	Tingkat 4-10, 15-16, 18 & 20 Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2164 9080	073-001
KENANGA INVESTMENT BANK BERHAD	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4297 8806	073-020
KENANGA INVESTMENT BANK BERHAD	Ground, Mezzanine, 1st & 2nd Floors (West & Center Wing) & 1st Floor East Wing Bangunan ECM Libra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 2888	073-021
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1133	073-029
M & A SECURITIES SDN BHD	Aras 1-3, No. 45 & 47 and No. 43-6 The Boulevard, Bandar Mid Valley Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>KUALA LUMPUR (CONT'D)</u></b>		
M & A SECURITIES SDN BHD	22A & 22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200, Kuala Lumpur Tel No.: 03-7983 9890	057-004
MACQUARIE CAPITAL SECURITIES(MALAYSIA) SDN BHD	Aras 10, Menara Dion 27 Jalan Sultan Ismail 50250, Kuala Lumpur Tel. No.: 03-2059 8833	032-001
MALACCA SECURITIES SDN BHD	55-1, Jalan Metro Perdana Barat 1 Taman Usahawan Kepong 52100 Kuala Lumpur Tel No.: 03-6241 8595	012-009
MALACCA SECURITIES SDN BHD	No. 76-1, Jalan Wangsa Delima 6 Pusat Bandar Wangsa Maju (KLSC) Setapak 53300 Kuala Lumpur Tel No.: 03-4144 2565	012-012
MAYBANK INVESTMENT BANK BERHAD	Tingkat 5-13, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-2297 8888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No.2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel No.: 03-6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BHD	8 <sup>th</sup> , 9 <sup>th</sup> , 10 <sup>th</sup> , 11 <sup>th</sup> & 12 <sup>th</sup> Floor Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2173 8888	026-001
NOMURA SECURITIES MALAYSIA SDN BHD	Suite 16.5, Level 16 Menara IMC, Letter Box 47 8 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No. 2027 6811	037-001
PM SECURITIES SDN BHD	Ground Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-2146 3000	064-001

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>KUALA LUMPUR (CONT'D)</u></b>		
PUBLIC INVESTMENT BANK BHD	27 <sup>th</sup> Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2031 3011	051-001
RHB INVESTMENT BANK BHD	Tingkat 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9287 3888	087-001
RHB INVESTMENT BANK BHD	Tingkat 12, 15 (Sebahagian), 20 (sebahagian) & 21 Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2333 8333	087-018
RHB INVESTMENT BANK BHD	No. 62, 62-1, 64 & 64-1 Vista Magna Jalan Prima, Metro Prima 52100 Kepong Kuala Lumpur Tel No.: 03-6257 5869	087-028
RHB INVESTMENT BANK BHD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4280 4798	087-054
RHB INVESTMENT BANK BHD	Ground, First, Second and Third Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-9058 7222	087-058
TA SECURITIES HOLDINGS BHD	Tingkat 13-15, 23,28-30,32,34 & 35 No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003
UBS SECURITIES MALAYSIA SDN BHD	Level 7 Wisma Hong Leong 18, Jalan Perak 50450, Kuala Lumpur Tel No.: 03-2781 1100	031-001
UOB KAY HIAN SECURITIES (M) SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-6205 6000	078-004

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>KUALA LUMPUR (CONT'D)</u></b>		
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 19th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2147 1888	078-010
<b><u>SELANGOR DARUL EHSAN</u></b>		
AFFIN HWANG INVESTMENT BANK BHD	3rd & 4th floors, Wisma Meru No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	068-019
AFFIN HWANG INVESTMENT BANK BHD	Lot 229, Tingkat 2, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 8016	068-020
AMINVESTMENT BANK BERHAD	Aras 4, Plaza Damansara Utama No 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-003
CIMB INVESTMENT BANK BHD	Level G & Level 1 Tropicana City Office Tower No.3 Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7717 3388	065-009
HONG LEONG INVESTMENT BANK BERHAD	Level 10, First Avenue Persiaran Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7724 6888	066-002
AFFIN HWANG INVESTMENT BANK BHD	16 <sup>th</sup> , 18 <sup>th</sup> -20 <sup>th</sup> Floor Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-5513 3288	068-002

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>SELANGOR DARUL EHSAN (CONT'D)</u></b>		
AFFIN HWANG INVESTMENT BANK BHD	East Wing & Centre Link Tingkat 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010
JF APEX SECURITIES BHD	3 <sup>rd</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> and 10 <sup>th</sup> Floor Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BHD	Level 16, Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002
JF APEX SECURITIES BHD	Block J-6-3A, Setia Walk PSN Wawasan Pusat Bandar Puchong 47160 Puchong Selangor Darul Ehsan Tel No.: 03-5879 0163	079-004
JUPITER SECURITIES SDN BHD	No. 42 – 46, 3 <sup>rd</sup> Floor Jalan SS19/1D 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5632 4838	055-004
KENANGA INVESTMENT BANK BHD	Ground – Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7862 6200	073-005
KENANGA INVESTMENT BANK BHD	55C (2 <sup>nd</sup> Floor) Jalan USJ 10/1F 47610 Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1773	073-006

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>SELANGOR DARUL EHSAN (CONT'D)</u></b>		
KENANGA INVESTMENT BANK BHD	Lot 240, Second Floor The Curve, No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095	073-016
KENANGA INVESTMENT BANK BHD	Level 1 East Wing Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5621 2118	073-030
KENANGA INVESTMENT BANK BHD	No. 35, Ground, 1 <sup>st</sup> and 2 <sup>nd</sup> Floor Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3348 8080	073-035
MALACCA SECURITIES SDN BHD	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5636 1533	012-002
MALACCA SECURITIES SDN BHD	No. 58A & 60A, Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 1300 221 223	012-003
MALACCA SECURITIES SDN BHD	No 39-2, Jalan Temenggung 21/9 Seksyen 9 43200 Mahkota Cheras Selangor Darul Ehsan Tel No.: 03-9011 5913	012-011
MAYBANK INVESTMENT BANK BERHAD	Level 8, 68 Jalan Batai Laut 4 Taman Bukit Camerlang 41300 Klang Selangor Darul Ehsan Tel No.: 03-3050 8888	098-003
MAYBANK INVESTMENT BANK BERHAD	Wisma Bently Music Level 1, No. 3, Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7718 8888	098-004



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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>SELANGOR DARUL EHSAN (CONT'D)</u></b>		
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007
RHB INVESTMENT BANK BHD	24, 24M, 24A, 26M, 28M, 28A, 30, 30M & 30A, Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7873 6366	087-011
RHB INVESTMENT BANK BHD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 3378	087-045
RHB INVESTMENT BANK BHD	First Floor, 10 & 11 Jalan Maxwell 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	087-047
RHB INVESTMENT BANK BHD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	087-048
RHB INVESTMENT BANK BHD	Unit 1 B, 2 B & 3B, USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8023 6518	087-059
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40000 Shah Alam Selangor Darul Ehsan Tel No.: 03-5192 0202	096-001

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>SELANGOR DARUL EHSAN (CONT'D)</u></b>		
SJ SECURITIES SDN BHD	101B, Jalan SS 15/5A 47500, Subang Jaya Selangor Darul Ehsan Tel No.: 03-5631 7888	096-002
SJ SECURITIES SDN BHD	No.74-2, Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03-3322 1915	096-004
SJ SECURITIES SDN BHD	No. A-3-11 Block Alamanda 3rd Floor, 10 Boulevard Lebuhraya Sprint, PJU 6 <sup>a</sup> 47400 Damansara Selangor Darul Ehsan Tel No.:03-7732 3862	096-005
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD	Damansara Utama Branch 2nd Floor, Wisma TA No. 1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7795 5713	058-007
<b><u>PERAK DARUL RIDZUAN</u></b>		
CIMB INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> and 3 <sup>rd</sup> Floor No. 8, 8A-C, Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2088 688	065-010
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2530 888	066-003

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>PERAK DARUL RIDZUAN (CONT'D)</u></b>		
AFFIN HWANG INVESTMENT BANK BHD	Tingkat Bawah, Aras 1,2 & 321 Jalan Stesen, Aras 2 & 3, 43 & 45 Jalan Stesen 30400 Taiping Perak Darul Ridzuan Tel No.: 05-8066 688	068-003
AFFIN HWANG INVESTMENT BANK BHD	Tingkat Bawah, 1 & 2 No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2559 988	068-015
KENANGA INVESTMENT BANK BHD	Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> & 4 <sup>th</sup> Floor No. 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2422 828	073-022
KENANGA INVESTMENT BANK BHD	Ground Floor, No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6939 828	073-031
M & A SECURITIES SDN BHD	5th, 6th, & Unit 8A M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-2419 800	057-001
MALACCA SECURITIES SDN BHD	No.1 First Floor Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-254 1533	012-013
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Aras Bawah), Aras 1 & 2 No. 42, Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2453 400	098-002

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>PERAK DARUL RIDZUAN (CONT'D)</u></b>		
RHB INVESTMENT BANK BHD	No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6236 498	087-014
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6921 228	087-016
RHB INVESTMENT BANK BHD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2415 100	087-023
RHB INVESTMENT BANK BHD	Tingkat Bawah, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-8088 229	087-034
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No.72, Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-4651 261	087-044
TA SECURITIES HOLDINGS BHD	Bahagian Kanan Tingkat Bawah, Tingkat 1 & 2, Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-2531 313	058-001
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 27-1, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6216 010	078-009
UOB KAY HIAN SECURITIES (M) SDN BHD	153A Jalan Raja Musa Aziz 30300 Ipoh Perak Darul Ridzuan Tel No.: 05-2411 290	078-013

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>PULAU PINANG</u></b>		
ALLIANCE INVESTMENT BANK BHD	Ground & Mezzanine Floor Bangunan Berkath 21 Beach Street 10300, Georgetown Penang Tel No : 04-2611 688	076-015
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2261 818	086-001
CIMB INVESTMENT BANK BHD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2385 900	065-003
AFFIN HWANG INVESTMENT BANK BHD	Level 2, 3, 4, 5 & 7, Wisma Sri Pinang 60, Green Hall; and Levels 2,3,4,5,6,7& 8, Wisma Sri Pinang II 42, Green Hall 10200 Penang Tel No.: 04-2636 996	068-001
AFFIN HWANG INVESTMENT BANK BHD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Penang Tel No.: 04-5372 882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Canton Square Level 2 & Level 3 No.56 Cantonment Road 10250 Penang Tel No.: 04-2268 288	054-002
JF APEX SECURITIES SDN BHD	368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Penang Tel No.: 04-2289 118	079-005
JUPITER SECURITIES SDN BHD	20-1 Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Bayan Lepas Penang Tel No.: 04-641 2881	055-003

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b>PULAU PINANG (CONT'D)</b>		
KENANGA INVESTMENT BANK BHD	7 <sup>th</sup> , 8 <sup>th</sup> & 16 <sup>th</sup> Floor Menara Boustead 39, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2283 355	073-023
M & A SECURITIES SDN BHD	332H-1 & 332G-2 Jalan Perak 11600 Georgetown Penang Tel No.: 04-2817 611	057-005
M & A SECURITIES SDN BHD	216, 216A, 218 and 218A Pengkalan Weld Lebuh Macallum 10300 Penang Tel No.: 04-2617 611	057-008
MALACCA SECURITIES SDN BHD	No. 39-1 Jalan Lenggong Vantage Point 11600 Jelutong Penang Tel No.: 04-2821 533	012-004
MALACCA SECURITIES SDN BHD	48 Jalan Todak 2 13700 Seberang Jaya Penang Tel No.: 04-3905 669	012-006
MALACCA SECURITIES SDN BHD	No.17, 1 <sup>st</sup> Floor Persiaran Bayan Indah Taman Bayan Indah 11900 Bayan Lepas Penang Tel No.: 04-6421 533	012-007
MALACCA SECURITIES SDN BHD	No. 9-1-37, Taman Kheng Tian Jalan Van Praagh 11600 Jelutong Penang Tel No.: 04-2816 822	012-014
MAYBANK INVESTMENT BANK BERHAD	Lot 1.02, Tingkat 1, Bangunan KWSP Jalan Sultan Ahmad Shah 10050 Georgetown Penang Tel No.: 04 2196 888	098-006

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>PULAU PINANG (CONT'D)</u></b>		
MERCURY SECURITIES SDN BHD	Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor Wisma UMNO Lorong Bagan Luar Dua Seberang Perai 12000 Butterworth Penang Tel No.: 04-3322 123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor Standard Chartered Bank Chambers 2 Lebuh Pantai 10300 Penang Tel No.: 04-2639 118	093-004
MERCURY SECURITIES SDN BHD	70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Penang Tel No.: 04-6400 822	093-006
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2273 000	064-004
RHB INVESTMENT BANK BHD	Aras Bawah, 1 dan 2 No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Penang Tel No.: 04-3900 022	087-005
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu dan Tingkat Dua No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Penang Tel No.: 04-5402 888	087-015
RHB INVESTMENT BANK BHD	Tingkat Bawah – Tingkat 3 & Tingkat 5 – Tingkat 8 64 & 64-D Lebuh Bishop 10200 Penang Tel No.: 04-2634 222	087-033
RHB INVESTMENT BANK BHD	No. 15-G-5, 15-G-6, 15-1-5, 15-1-6, 15-2-5 dan 15-2-6 dan 15-2-24 Medan Kampung Relau (Bayan Point) 11950 Penang Tel No.: 04-6404 888	087-042

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>PULAU PINANG (CONT'D)</u></b>		
SJ SECURITIES SDN BHD	12th Floor, Office Tower Hotel Royal Penang No. 3 Jalan Larut 10050 Georgetown Penang	096-003
TA SECURITIES HOLDINGS BHD	3 <sup>rd</sup> Floor, Bangunan Heng Guan No. 171 Jalan Burmah 10050 Penang Tel No.: 04-2272 339	058-010
UOB KAY HIAN SECURITIES (M) SDN BHD	1st and 2nd Floor Bangunan Heng Guan No. 171 Jalan Burmah 10050 Penang Tel No.: 04-2299 318	078-002
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1 <sup>st</sup> Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Penang Tel No.: 04-5541 388	078-003
<b><u>PERLIS INDRA KAYANGAN</u></b>		
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No. 39, Taman Suriani Persiaran Jubli Emas 1000 Kangar, Perlis Tel No.: 04-9793 888	087-060
<b><u>KEDAH DARUL AMAN</u></b>		
ALLIANCE INVESTMENT BANK BHD	2 <sup>nd</sup> Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-7317 088	076-004



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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>KEDAH DARUL AMAN (CONT'D)</u></b>		
AFFIN HWANG INVESTMENT BANK BHD	No. 70A, B & C, Jalan Mawar 1 Taman Pekan Baru 8000 Sungai Petani Kedah Darul Aman Tel No.: 04-4256 666	068-011
RHB INVESTMENT BANK BHD	No. 112, Jalan Pengkalan Taman Pekan Baru 8000 Sungai Petani Kedah Darul Aman Tel No.: 04-4204 888	087-017
RHB INVESTMENT BANK BHD	35, Tingkat Bawah Jalan Suria 1, Jalan Bayu 9000 Kulim Kedah Darul Aman Tel No.: 04-4964 888	087-019
RHB INVESTMENT BANK BHD	214-A, 214-B, 215-A & 215-B Medan Putra Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7209 888	087-021
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 4, 5 & 5A 1 <sup>st</sup> Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 5150 Alor Setar Kedah Darul Aman Tel No.: 04-7322 111	078-007
<b><u>NEGERI SEMBILAN DARUL KHUSUS</u></b>		
AFFIN HWANG INVESTMENT BANK BHD	1 <sup>st</sup> Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7612 288	068-007
AFFIN HWANG INVESTMENT BANK BHD	No. 6, Tingkat Atas Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553 188	068-013

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>NEGERI SEMBILAN DARUL KHUSUS (CONT'D)</u></b>		
KENANGA INVESTMENT BANK BHD	1C & 1D, Ground & 1st Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7655 998	073-033
MAYBANK INVESTMENT BANK BERHAD	Wisam HM, Ground Floor No. 43 Jalan Dr. Krishnan 70000, Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7669 555	098-005
PM SECURITIES SDN BHD	1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7623 131	064-002
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu & Tingkat Dua No. 32 & 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7641 641	087-024
RHB INVESTMENT BANK BHD	Tingkat Satu, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No.: 06-4421 000	087-037
RHB INVESTMENT BANK BHD	Tingkat Bawah & Tingkat Mezanin No. 346 & 347, Batu 1/2, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-6461 234	087-046
<b><u>MELAKA</u></b>		
CIMB INVESTMENT BANK BHD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.: 06-2898 800	065-006

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>MELAKA (CONT'D)</u></b>		
KENANGA INVESTMENT BANK BHD	71 (Ground, A&B) & 73(Ground, A&B) Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2881 720	073-028
KENANGA INVESTMENT BANK BHD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No.: 06-3372 550	073-034
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang, 75250 Melaka Tel No.: 06-3371 533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2921 898	093-003
PM SECURITIES SDN BHD	No. 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No.: 06-2866 008	064-006
RHB INVESTMENT BANK BHD	No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2833 622	087-002
RHB INVESTMENT BANK BHD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-2825 211	087-026
TA SECURITIES HOLDINGS BHD	No. 59, 59A & 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2862 618	058-008

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>MELAKA (CONT'D)</u></b>		
UOB KAY HIAN SECURITIES (M) SDN BHD	7-2 Jalan PPM8 Malim Business Park 75250 Melaka Tel No.: 06-3352 511	078-014
<b><u>JOHOR DARUL TAKZIM</u></b>		
ALLIANCE INVESTMENT BANK BHD	No. 73, Ground & 1 <sup>st</sup> Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-7717 922	076-006
AMINVESTMENT BANK BERHAD	2 <sup>nd</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> Floor Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4342 282	086-002
AMINVESTMENT BANK BERHAD	18 <sup>th</sup> & 31 <sup>st</sup> Floor Selesa Tower, Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3343 855	086-001
CIMB INVESTMENT BANK BERHAD	No. 73 Ground Floor, No. 73A First Floor & No.79A First Floor Jalan Kuning Dua 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3405 888	065-011
AFFIN HWANG INVESTMENT BANK BHD	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2222 692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2231 211	054-004
JUPITER SECURITIES SDN BHD	30-1 Jalan Molek 1/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3538 878	055-002

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>JOHOR DARUL TAKZIM (CONT'D)</u></b>		
KENANGA INVESTMENT BANK BHD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3333 600	073-004
KENANGA INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Mezzanine No. 34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-9333 500	073-009
KENANGA INVESTMENT BANK BHD	No. 33 & 35, (Tingkat Bawah dan Tingkat Satu A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-7771 161	073-010
KENANGA INVESTMENT BANK BHD	Tingkat Bawah No. 4 Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-9782 292	073-011
KENANGA INVESTMENT BANK BHD	No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4326 963	073-017
KENANGA INVESTMENT BANK BHD	Suite 16-02, 16-03 & 16-03A Level 16, Manara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-2237 423	073-019
KENANGA INVESTMENT BANK BHD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9531 222	073-024
KENANGA INVESTMENT BANK BHD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 07-4678 885	073-025

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>JOHOR DARUL TAKZIM (CONT'D)</u></b>		
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3381 233	057-003
M & A SECURITIES SDN BHD	26 Jalan Indah 16/5 Taman Bukit Indah 81200 Johor Bahru Johor Darul Takzim Tel No.: 07-2366 288	057-006
M & A SECURITIES SDN BHD	No. 27, 27A & 27 B Jalan Molek 2/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 3551 988	057-007
MALACCA SECURITIES SDN BHD	74 Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-3351 533	012-005
MALACCA SECURITIES SDN BHD	1735-B Jalan Sri Putri 4 Taman Putri Kulai 81000 Kulai Jaya Johor Darul Takzim Tel No.: 07-6638 877	012-010
MALACCA SECURITIES SDN BHD	Lot 880, batu 3 ½ Jalan Salleh 84000 Muar Johor Darul Takzim Tel No: 06-9536 948	012-015
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3316 992	093-005
PM SECURITIES SDN BHD	Ground & 1 <sup>st</sup> Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4333608	064-008

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>JOHOR DARUL TAKZIM (CONT'D)</u></b>		
RHB INVESTMENT BANK BHD	6 <sup>th</sup> Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-2788 821	087-006
RHB INVESTMENT BANK BHD	53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4380 288	087-009
RHB INVESTMENT BANK BHD	No. 33-1 Tingkat 1 & 2 (Unit Penjuru) Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 262	087-025
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-5577 628	087-029
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu & Tingkat Dua No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-9321 543	087-030
RHB INVESTMENT BANK BHD	Tingkat Bawah & Tingkat Satu No. 40 Jalan Haji Mana 86000 Kluang Johor Darul Takzim Tel No.: 07-7769 655	087-031
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu & Tingkat Dua No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-6626 288	087-035

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>JOHOR DARUL TAKZIM (CONT'D)</u></b>		
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu & Tingkat Dua No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No.: 06-9787 180	087-038
RHB INVESTMENT BANK BHD	Tingkat Satu No 2 & 4, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-9256 881	087-039
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat 1 & Tingkat 2 No. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3522 293	087-043
TA SECURITIES HOLDINGS BHD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No.: 07-9435 278	058-009
TA SECURITIES HOLDINGS BHD	15 Jalan Molek 1/5A Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3647 388	058-011
UOB KAY HIAN SECURITIES (M) SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3332 000	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-6637 398	078-005
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3513 218	078-006



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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>JOHOR DARUL TAKZIM (CONT'D)</u></b>		
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No.: 07-5121 633	078-008
<b><u>KELANTAN DARUL NAIM</u></b>		
RHB INVESTMENT BANK BHD	Tingkat Bawah & Tingkat Satu No. 3953-H, PT225, 1 <sup>st</sup> Floor, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-7430 077	087-020
TA SECURITIES HOLDINGS BHD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7433 388	058-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor Lot 712, Sek.9, PT62 Jalan Tok Hakim Bandar Kota Bharu 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7473 906	078-015
<b><u>PAHANG DARUL MAKMUR</u></b>		
ALLIANCE INVESTMENT BANK BHD	Ground, Mezzanine & 1st Floor B-400 Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-5660 800	076-002
CIMB INVESTMENT BANK BHD	Ground 1st & 2nd Floor No. A-27, Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-2057 800	065-007
JUPITER SECURITIES SDN BHD	2nd Floor, Lot No. 25 Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 136	055-005

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>PAHANG DARUL MAKMUR (CONT'D)</u></b>		
KENANGA INVESTMENT BANK BHD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5171 698	073-027
MALACCA SECURITIES SDN BHD	P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No.: 011-2577 7489	012-008
RHB INVESTMENT BANK BHD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5173 811	087-007
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu 98, Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 943	087-022
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-4914 913	087-041
<b><u>TERENGGANU DARUL IMAN</u></b>		
ALLIANCE INVESTMENT BANK BHD	Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6317 922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6238 128	021-001
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-8583 109	087-027

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>TERENGGANU DARUL IMAN</u></b>		
<b><u>(CONT'D)</u></b>		
RHB INVESTMENT BANK BHD	1 <sup>st</sup> Floor No. 59, Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6261 816	087-055
<b><u>SABAH</u></b>		
CIMB INVESTMENT BANK BHD	1 <sup>st</sup> – 3 <sup>rd</sup> Floor, Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088-328 878	065-005
AFFIN HWANG INVESTMENT BANK BHD	Suite 1-9-E1, 9th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
KENANGA INVESTMENT BANK BHD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236 188	073-032
RHB INVESTMENT BANK BHD	2nd Floor, No. 81 & 83 Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	087-010
RHB INVESTMENT BANK BHD	Tingkat Bawah, Block 2 Lot 4 & Lot 5, Bandar Indah Mile 4, North Road 91000 Sandakan Sabah Tel No.: 089-229 286	087-057
UOB KAY HIAN SECURITIES (M) SDN BHD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234 090	078-011

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>SABAH (CONT'D)</u></b>		
UOB KAY HIAN SECURITIES (M) SDN BHD	177 & 178 Ground Floor Block 17 Phase 2, Prima Square Mile 4, North Road 90000 Sandakan Sabah Tel No.: 089-218 681	078-012
<b><u>SARAWAK</u></b>		
AMINVESTMENT BANK BERHAD	1st, 2nd & 3rd Floor No. 162, 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244 791	086-001
CIMB INVESTMENT BANK BERHAD	Aras 1 (Utara) Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 688	065-004
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No.: 084-367 700	065-008
AFFIN HWANG INVESTMENT BANK BHD	Ground Floor & 1st Floor No. 1, Jalan Pending 1st Floor, No. 3, Jalan Pending 93450 Kuching Sarawak Tel No.: 082-341 999	068-005
AFFIN HWANG INVESTMENT BANK BHD	No. 282, 1 <sup>st</sup> Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068-016
KENANGA INVESTMENT BANK BHD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073-002

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>SARAWAK (CONT'D)</u></b>		
KENANGA INVESTMENT BANK BHD	Level 1-5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073-003
KENANGA INVESTMENT BANK BHD	No. 11-12, (Ground & 1 <sup>st</sup> Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No.: 084-313 855	073-012
KENANGA INVESTMENT BANK BHD	Ground Floor of Survey Lot No. 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000, Bintulu Sarawak Tel No.: 086-337 588	073-018
KENANGA INVESTMENT BANK BERHAD	Yung Kong Abell Suite 9 & 10, 3rd Floor Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak Tel No.: 082-248 877	073-036
MERCURY SECURITIES SDN BHD	1st Floor No.16 Jalan Getah 96100 Sarikei Sarawak Tel No.: 084-659 019	093-007
RHB INVESTMENT BANK BHD	Yung Kong Abell Units No. 1-10, 2nd Floor Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak Tel No.: 082-250 888	087-008

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

<b>Name</b>	<b>Address and telephone number</b>	<b>ADA code</b>
<b><u>SARAWAK (CONT'D)</u></b>		
RHB INVESTMENT BANK BERHAD	Lot 1268, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Lot 1269, 2 <sup>nd</sup> Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-422 788	087-012
RHB INVESTMENT BANK BERHAD	102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329 100	087-013
RHB INVESTMENT BANK BERHAD	Tingkat Bawah dan Tingkat 1 No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 770	087-053
TA SECURITIES HOLDINGS BHD	12G, Jalan Kampong Datu 96000 Sibu Sarawak Tel No.: 084-319 998	058-002
TA SECURITIES HOLDINGS BHD	Tingkat 2, (Bahagian Hadapan) Bangunan Binamas, Lot 138, Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No.: 082-236 333	058-006
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 1265, 1st Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-324 128	078-017
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & First Floor No.16 Lorong Intan 6 96000 Sibu Sarawak Tel No.: 084-252 737	078-018